

## Exhibit S

Transcript of an August 9, 2016 hearing in the matter Bakken Resources, Inc. v. Holms, CDV-2016-612 pending in the Montana First Judicial District Court, Lewis & Clark County

1 MONTANA FIRST JUDICIAL DISTRICT

2 COUNTY OF LEWIS AND CLARK

3 \* \* \* \* \*

4 BAKKEN RESOURCES, INC., )

5 )

6 )

7 PLAINTIFF, )

8 )

9 VS. ) CAUSE NO. DDV 2016-612

10 )

11 VAL M. HOLMS, et al., )

12 )

13 DEFENDANTS. )

14 )

15 TRANSCRIPT OF PROCEEDINGS

16 Before the Honorable James Reynolds, Judge Presiding

17 Date and time: Tuesday, August 9, 2016  
18 2:00 p.m.

19 Place: Lewis & Clark County  
20 Courthouse  
21 228 Broadway  
22 Helena, MT 59601

23 YVETTE M. HEINZE, CSR, RPR  
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For the Defendant:

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Also present:

WESLEY PAUL  
ALLAN HOLMS

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1 August 9, 2016, Tuesday

2

3 THE COURT: Please be seated.

4

5 All right. This is Cause DDV-2016-612,  
6 Bakken Resources, Inc. versus Val Holms and others.  
7 This is the time set for a hearing on the plaintiff's  
8 application for preliminary injunction; correct?

9

MR. GOE: That's correct, your Honor.

10

MR. DOUBEK: And our application as well.

11

THE COURT: All right. What do I have?

12

MR. DOUBEK: We have dueling TRO  
13 applications.

14

THE COURT: Oh, yeah?

15

MR. GOE: Your Honor, yesterday at 5:00 I  
16 received some pleadings from John's office that  
17 indicated they were seeking a temporary restraining  
18 order and a preliminary injunction. I received a  
19 motion and two supporting pleadings.

20

It would be our position that they are not  
21 properly before the Court at this juncture because  
22 the only issue that is to be decided and the only  
23 reason this hearing was scheduled was to address the  
24 preliminary injunction.

25

MR. DOUBEK: We actually filed our lawsuit  
the day before they filed theirs.

1 THE COURT: Okay. The number that was --

2 MR. DOUBEK: Which was Docket Number 611,  
3 not 612. So we simply took the pleadings, recast  
4 them into one pleading, so that there wasn't  
5 confusion that Mr. Holms had brought an action in the  
6 name of Bakken.

7 THE COURT: Okay. I don't have your  
8 pleadings. I don't have the 611 or the application.

9 MR. DOUBEK: It's all been put in 612.

10 THE COURT: Yeah, but I'm just talking -- I  
11 don't think I have it. You filed it yesterday?

12 MR. DOUBEK: Yes.

13 THE COURT: The most recent document I have  
14 in here is from July 29th.

15 MR. DOUBEK: Well, I know it's been filed  
16 downstairs.

17 THE COURT: Okay. Because I don't have  
18 anything filed on behalf of the defendants here, in  
19 response to Bakken Resources' application at all.

20 MR. DOUBEK: Well, everything has been  
21 filed.

22 THE COURT: Everything has been filed, but  
23 I'm just telling you that I don't have it up here in  
24 my file.

25 MR. DOUBEK: Well, that's what we did, your

1 Honor. In the briefs that we've submitted and  
2 everything, all of the exhibits and whatnot, we have  
3 said these are basically dueling TRO applications.

4 THE COURT: Okay.

5 MR. DOUBEK: And I'm sorry they didn't get  
6 those up to you, but -- and you were the judge  
7 assigned to the other case, 611. But I know that  
8 doesn't mean much.

9 THE COURT: Right. All I had on the docket  
10 today was the 612 case. And, again, all I have -- I  
11 don't have your most recent filings in the file here.

12 MR. DOUBEK: We would ask that you consider  
13 those, obviously.

14 THE CLERK: You want me to run down and get  
15 them?

16 THE COURT: Well, it might be helpful.

17 But you object to consideration of those  
18 today for lack of --

19 MR. GOE: Well, yeah, and I will just  
20 explain our position, and I will come to some of this  
21 again when we're doing our presentation.

22 We filed our action, which is the 612  
23 action, which is the one you have before you, where  
24 Judge Seeley granted a TRO, extended the TRO, and set  
25 this matter for a preliminary injunction hearing.

1 That's the reason we're here today.

2           There was an earlier pleading filed by Mike  
3 Lamb and his partner Jamie Carey that was ostensibly  
4 filed on behalf of BRI. We objected to that saying  
5 they had no authority to file on behalf of BRI. They  
6 moved to withdraw. I filed a notice of appearance on  
7 behalf of BRI and submitted a notice of dismissal.

8           In the interim, John filed a -- what do you  
9 call it?

10           MR. DOUBEK: Substitution.

11           MR. GOE: -- substitution in that matter.  
12 It's our position that he has no authority to act on  
13 behalf of BRI. And, as such, that pleading shouldn't  
14 be considered by the court at all.

15           And then yesterday, at 5:00, I received the  
16 pleadings that John is mentioning now, which have to  
17 do with their request for a TRO preliminary  
18 injunction. They don't directly address our  
19 preliminary injunction, other than the fact that some  
20 of the arguments would equally apply to, I assume,  
21 their defense to preliminary injunction in our favor.

22           But it's our position that the 611 matter  
23 was never properly filed in the first place. That's  
24 been dismissed. The only matter properly before the  
25 Court is the 612 matter, which I represent the BRI,



1 and the defendants are Mr. Holms -- the two  
2 Mr. Holmses, Mr. Jensen, and Mr. Collins.

3 MR. DOUBEK: I'm not aware that 611 has ever  
4 been dismissed. I have not received anything from  
5 anybody about that. I substituted in for Mike Lamb,  
6 who asked me to do that on his behalf.

7 And then, in the pleading that we filed  
8 yesterday, it's an answer, a counterclaim, and  
9 request for TRO. And it parrots what has been filed  
10 and is of record in 611. And then we provided the --  
11 more of the legal argument and exhibits and support  
12 of our position; that, A, the TRO should not be  
13 continued in favor of Bakken and a TRO should be  
14 issued in favor of my clients.

15 THE COURT: Okay. I think I did see  
16 something with 611 on it. So maybe I do need to have  
17 you -- can you get it real quick?

18 THE CLERK: Yes.

19 THE COURT: But, in any event, Mr. Doubek,  
20 what you have done is you refiled, recast the 611  
21 pleadings back into the 612?

22 MR. DOUBEK: Right.

23 THE COURT: Okay.

24 MR. DOUBEK: And we indicated that, really,  
25 for organizational purposes, they ought to be

1 consolidated.

2 THE COURT: It sounds like they ought to be  
3 consolidated anyway.

4 All right. Well, why don't we start with  
5 this and see where we go. That's what I'm going to  
6 do.

7 MR. GOE: Sounds good. And I can't tell you  
8 that things are going to be any more clarified when  
9 we get done, but hopefully they will.

10 THE COURT: I'm afraid of that.

11 But I did -- again, Mr. Doubek, don't have  
12 any -- this is the 612 file, and it consists  
13 exclusively of filings on behalf of Bakken Resources,  
14 so I don't have that.

15 MR. DOUBEK: Well, I was advised they were  
16 put in there, but...

17 THE COURT: And I understand that they are  
18 going to eventually be put in here. But, just so you  
19 know, starting this off I do not have materials from  
20 your client.

21 MR. DOUBEK: Yeah.

22 MR. GOE: And I will just start by  
23 introducing folks that are here today. I represent  
24 Bakken Resource, Inc. I do not represent any of the  
25 other main parties individually, whether it be in the

1 611 matter or 612.

2 Present at counsel table with me is Wes  
3 Paul. Mr. Paul is corporate counsel for -- retained  
4 corporate counsel for BRI. We also have Dan Anderson  
5 in the courtroom. He's referenced in the various  
6 affidavits you have seen. And his son, whose name I  
7 have totally forgot at this point --

8 MR. CHANCE ANDERSON: Chance.

9 MR. GOE: And I would also indicate I have  
10 Amber Carlson, who is my paralegal here, and  
11 hopefully is going to go through some of the  
12 documents that you need to take a look at, that we  
13 think you need to take a look at, to rule in our  
14 favor on the preliminary injunction.

15 And I was going to start with the new  
16 documents that were filed yesterday. And I think  
17 they are a prime example of why the preliminary  
18 injunction needs to issue.

19 As I indicated earlier, the documents that  
20 were filed were a motion for TRO, a point brief, and  
21 a memorandum. And it is directed at Karen Midtlyng,  
22 who is a corporate secretary. It is directed at Wes  
23 Paul, and it's also directed at Dan Anderson. And it  
24 seeks to prevent them from doing various things on  
25 behalf of BRI, which they are authorized to do by

1 law.

2 In this particular case, in the supplemental  
3 brief I filed, I kind of asked a rhetorical question  
4 of why does BRI even need a preliminary injunction in  
5 light of the TRO that's been issued up in Nevada --  
6 or down in Nevada and is set for a hearing sometime  
7 in September?

8 And I indicated in that pleading that, you  
9 know, it's hard to know exactly what the two  
10 Mr. Holmes, and perhaps some other folks, may or may  
11 not try to do here in Montana, but that we needed the  
12 preliminary injunction to address those issues and to  
13 prevent them from taking actions which have been  
14 specifically addressed in the courts in Nevada. They  
15 also were addressed by Judge Seeley when she granted  
16 the TRO.

17 In essence, what we believe is happening  
18 here -- and we'll talk a little bit about the  
19 proceedings in Nevada here shortly -- is they are  
20 attempting to get a second bite of the apple. They  
21 are trying to relitigate issues that have already  
22 been litigated in Nevada, and they're attempting to  
23 go around a valid Nevada TRO that prohibits the  
24 defendants Holms -- or the defendants Val Holms and  
25 Manny Graiwer from providing proxies to defendant

1 Allan Holms. And, as such, there's no majority which  
2 we can represent.

3 And I should point out that this is not just  
4 a proceedings in Nevada, like the one we have here,  
5 where we come into court with very little background.  
6 Judge Flanagan in Nevada has been dealing with this  
7 litigation for over two years and, as such, has a lot  
8 more historical background and knowledge regarding  
9 what is going on.

10 But, in any event, one of the primary  
11 documents that I think the Court needs to look at is  
12 Exhibit 4. I don't know if -- we're going to try a  
13 little electronic stuff and see if it works. You may  
14 not be able to see that, I'm afraid.

15 Can we make that the whole screen and see if  
16 that helps?

17 THE COURT: I have exhibits appended to your  
18 various pleadings, but they are identified by letter.

19 MR. GOE: Well, there are actually two  
20 different sets.

21 THE COURT: Okay.

22 MR. GOE: The documents that are appended to  
23 the amended complaint in the complaint are letters.  
24 And the documents that are appended to the brief in  
25 support of the preliminary injunction, as well as the

1 supplemental brief that we filed, they are letters --  
2 excuse me -- they are numbers. And so that is how we  
3 did it.

4 THE COURT: I see. Okay. So you are  
5 looking at Exhibit 4?

6 MR. GOE: Yes, Exhibit 4.

7 And I think there's various points of it  
8 that are really important for the Court to consider,  
9 and we're going to come back to these, again, a  
10 little bit later. But this was in the context of BRI  
11 seeking an injunction against Val Holms and Herb  
12 Landis upon a motion that was filed by BRI as well as  
13 other board members. That's reflected on page 2.

14 What the Court says in the middle  
15 paragraph -- and I don't know if we're going to be  
16 able to see it or -- we might just --

17 THE COURT: I have it.

18 MR. GOE: Okay. If you go to page 2, what  
19 it says is (read as):

20 The Court hereby grants defendant's  
21 motion in all respects and enters  
22 the following temporary restraining  
23 order against the plaintiffs and  
24 these consolidated actions.

25 And, again, it's issued against Val Holms

1 and Manny Graiwer to preserve the status quo and to  
2 prevent immediate and irreparable harm to BRI and the  
3 director defendants, which include Dan Anderson and  
4 Karen Midtlyng, as well as other directors.

5 Also important, and I think it's extremely  
6 relevant to the issues that the Court needs to look  
7 at today, it directly addressed some very similar  
8 arguments that are made in the pleadings that were  
9 filed by Mr. Doubek. And Court finds that the  
10 defendants have a reasonable probability of success  
11 on their arguments that the voting proxies -- talking  
12 about the same voting proxies we're at here -- to  
13 transfer various number of shares are, in fact,  
14 invalid based on SEC proxy solicitations.

15 The Court also finds, if you go a little bit  
16 further, that there is nothing wrong with the Eagle  
17 Private Equity transaction, and the Court  
18 specifically relates to the fact that BRI has a  
19 reasonable probability of success in their argument  
20 that even if the subject voting proxies are valid,  
21 Eagle Private Equity holds a majority of the voting  
22 shares in the company and that renders the subject  
23 takeover attempt ineffectual. And, again, that's the  
24 exact same takeover attempt that we are talking about  
25 today.

1           The Nevada TRO prohibits various other  
2 activity, such as attempting to take over and control  
3 the bank accounts of BRI. And that's reflected in  
4 page 3. Because, as reflected in the pleadings we  
5 have already filed, there was an attempt to take over  
6 the bank accounts of Wells Fargo, the BRI accounts at  
7 Wells Fargo, and the Court specifically held that  
8 that was inappropriate and was not something that  
9 could be contended by the Court.

10           Now --

11           THE COURT: Let me just ask a real basic  
12 question here.

13           MR. GOE: Sure.

14           THE COURT: I haven't had a chance to read  
15 all of this and digest all of it. Why are we here in  
16 this court, given the fact that you were down in  
17 Nevada arguing over these same issues?

18           MR. GOE: The reason we are here is because  
19 the TRO and the injunction hearing that's set for  
20 late September is addressed to Val Holms, who gave  
21 his proxy to Allan Holms. And Allan Holms is using  
22 that for purposes of trying to take over the company.

23           And it is also -- the Nevada TRO is against  
24 Manny Graiwer, who is a plaintiff in a lawsuit there,  
25 and it's been going on for two years. But the bottom



1 line is the Court in Nevada clearly has jurisdiction  
2 over those two individuals, it appeared to the Court.  
3 That's why the TRO is limited to them because that  
4 is, in fact, who is there.

5 It also includes and protects the current  
6 makeup of BRI, as well as the current board members,  
7 the very board members that Allan Holms attempted to  
8 kick out when the attempted takeover took place late  
9 last month.

10 The reason we filed up here is for the very  
11 reason that we're here today. The fact of the matter  
12 is Allan Holms and the other defendants are trying to  
13 use a proxy, which the Nevada judge has already said  
14 you can't do, to take over BRI in Helena, Montana,  
15 where their offices are.

16 And why we got the TRO and want the  
17 preliminary injunction is to prevent this continued  
18 attempt, and unauthorized attempt in our belief, to  
19 take over the company. And by having a TRO and a  
20 preliminary injunction here, it removes all doubt  
21 that they can't do the actions that they are trying  
22 to do, pending a full resolution, whether it be here  
23 or whether it be in Nevada.

24 THE COURT: So Bakken Resources is  
25 headquartered in?

1 MR. GOE: In Helena.

2 THE COURT: In Helena.

3 MR. GOE: Although, it's a Nevada  
4 corporation, and that's why the majority -- the  
5 bylaws relate to Nevada and the majority of the  
6 litigation. Mr. Graiwer and Val Holms are involved  
7 with litigation in other jurisdictions as well. It  
8 deals with Nevada law, and that is part of the reason  
9 that Judge Flanagan relies upon Nevada law, not only  
10 this order but another one we'll look at soon, to  
11 address various issues.

12 THE COURT: Okay.

13 MR. GOE: But what we really need to do is  
14 stop -- and I used the word "mischief" in my brief,  
15 and I'm thinking that's too light a word, in the mere  
16 fact that we're here. I'll give you a good example  
17 of it. After -- well, I should back up.

18 Prior to the TRO being issued, I filed a  
19 complaint, and Mike Lamb filed a complaint. His  
20 complaint is purportedly on behalf of BRI. It's our  
21 position that there was no such authorization for  
22 such a lawsuit. I wrote him a letter, and those are  
23 included in the documents that we have identified as  
24 exhibits. They are Exhibit 6 and Exhibit 7. There's  
25 my letter to Mike Lamb and Jamie Carey, explaining

1 why pursuant to the TRO issued in Nevada the  
2 management of the company does not rest with Val  
3 Holms or his group, but instead rests with the  
4 properly constituted board.

5 I then had, in a follow-up to my letter,  
6 provided them with a copy of the injunction from  
7 Nevada, as well as the TRO that was signed by  
8 Judge Seeley. And then I also provided them with a  
9 letter from BRI, signed by the disinterested board  
10 members, who were not defendants, so to speak. And  
11 they all indicated that they had no authority to  
12 pursue that action.

13 Specifically, in the TRO that was issued by  
14 Judge Seeley -- I'll just use Allan Holms as an  
15 example since he's here in the courtroom. What it  
16 specifically says among other things -- let me find  
17 it here -- Montana TRO: He is precluded from taking  
18 any actions on behalf of BRI, including attempts to  
19 replace BRI's board, and has similar types of items.

20 Yet, in the 611 matter, which you just asked  
21 to be brought up, he signs a pleading in Court, after  
22 the TRO is issued, saying he is president of the  
23 corporation. That's a direct violation of the TRO  
24 that was issued by Judge Seeley. And that gives  
25 another good example of why we need a preliminary

1 injunction during the course of this litigation.

2           They ignored the order in Nevada. They  
3 ignored the TRO here. They now filed for a new TRO,  
4 and they claim now that the plaintiffs are not BRI.  
5 They substitute themselves, so to speak, the  
6 defendants, and seek to bring that against Wes Paul  
7 and Dan Anderson and Karen Midtlyng, who are officers  
8 of the corporation. And, of course, Mr. Paul is  
9 retained counsel.

10           That's a violation of the Nevada TRO,  
11 especially in light of Val Holms' involvement in the  
12 Nevada TRO. I do not represent them individually. I  
13 can't. I represent BRI. But this attempt by them to  
14 stifle and prohibit these important officers and  
15 directors from carrying out their duties has a direct  
16 impact on BRI.

17           THE COURT: I didn't quite follow your  
18 chronology there. You said Mr. Holms filed something  
19 after Judge Seeley entered her --

20           MR. GOE: Yes.

21           THE COURT: Mr. Doubek is over here shaking  
22 his head no.

23           MR. GOE: Well, that's not accurate because  
24 I have the pleading in front of me.

25           THE COURT: Filed on behalf of BRI or on

1     behalf of himself?

2                 MR. GOE:   Well, what he says is in the  
3     motion to withdraw filed by Mike Lamb -- and this is  
4     in the 611 matter, your Honor.

5                 THE COURT:   Okay.

6                 MR. GOE:   In the motion to withdraw,  
7     attached to it is a consent.   And it says, "Plaintiff  
8     herein consents to the withdrawal of James Carey of  
9     Lamb & Carey, as its attorneys of record in this  
10    matter," and it's dated July 27th.   And it says,  
11    "Allan Holms, president."

12                THE COURT:   Okay.   And that postdates  
13    Judge Seeley's issuance of a restraining order?

14                MR. GOE:   I believe it does.   I'd have to  
15    look at the exact date.   I apologize.   I don't have  
16    that in front of me right now.

17                THE COURT:   My minute entry shows there was  
18    a hearing on the restraining order on August 2nd.

19                MR. GOE:   That was the second hearing when  
20    she extended the TRO.

21                THE COURT:   Okay.

22                MR. GOE:   So it clearly predated the 27th.  
23    In fact, it had to predate that because I filed my  
24    letter to --

25                What's that?   The 22nd.   Thank you.

1           Because what I did was -- once I got that  
2 TRO, after we got the TRO, Dan gets served. Karen  
3 gets served. Wes gets served. You know, in and of  
4 themselves, that is a violation of the TRO.

5           I bring that attention to Mr. Lamb and  
6 Mr. Carey. They withdraw. But they provide a  
7 consent from Allan Holms as president of BRI, and  
8 he's been specifically ordered by the Court not to do  
9 that.

10           And it's just that type of thing, which also  
11 includes the recent filings, that we seek to stop.

12           THE COURT: Okay.

13           MR. GOE: You asked a --

14           THE COURT: But the recent filings, the most  
15 recent filings, are brought on behalf of the  
16 individuals, not on behalf of BRI.

17           MR. GOE: That is true. The documents that  
18 Mr. Doubek just filed indicate that the plaintiffs  
19 are Val and Allan Holms, Todd Jensen, and Allen  
20 Collins.

21           THE COURT: Right.

22           MR. GOE: Which is different than how the  
23 matter was presented --

24           THE COURT: Okay.

25           MR. GOE: -- initially to the Court.

1 THE COURT: All right.

2 MR. GOE: And I probably already said this,  
3 but, in light of the Nevada TRO, I think the filings  
4 that they filed just now are in violation of that TRO  
5 because the only authority for that would come  
6 through Val Holms, and he has been specifically  
7 enjoined in Nevada from taking those types of  
8 actions.

9 THE COURT: Okay.

10 MR. GOE: I should also just, as kind of a  
11 housekeeping matter, you do have before you  
12 affidavits from Karen Midtlyng, Dan Anderson times  
13 two -- you have two affidavits from him. I will go  
14 through a couple of these to perhaps help you with a  
15 little more of the chronology. We also have an  
16 affidavit from Carl George, who relates to the  
17 Eagle Equity transaction.

18 And then, also, we have recently filed -- I  
19 filed this downstairs today, your Honor, shortly  
20 before the hearing, and it was filed in large part in  
21 response to the arguments that I received last night  
22 from Mr. Doubek.

23 And, if I could just approach the bench and  
24 give this to the Court, it was filed downstairs  
25 already.

1 MR. DOUBEK: I don't object.

2 THE COURT: You don't object?

3 MR. DOUBEK: I don't object.

4 THE COURT: I don't think I have it. I  
5 might have it. I don't know.

6 MR. GOE: Well, unless you got it in the  
7 last hour or so -- it looks like this. I have  
8 already lost the date-stamped copy. But that is the  
9 affidavit from Mr. Wes Paul that addresses some of  
10 the arguments and issues that are raised in the  
11 pleadings filed by Mr. Doubek.

12 THE COURT: Okay.

13 MR. GOE: What I would like to do is kind of  
14 give the Court a little chronology of events that  
15 might be helpful in trying to sort out why and the  
16 importance of a preliminary injunction in this  
17 particular case. And what I think I will do is start  
18 with some actions by BRI, following internal  
19 investigation.

20 And if you look at the Exhibit B to the  
21 amended complaint -- I think it's the same thing to  
22 the actual complaint -- it is an 8-K filed by Bakken  
23 Resources relating to an ongoing independent  
24 investigation that had been occurring for over the  
25 last year, plus. And in that document it reflects



1 that Mr. Holms was terminated from his position as  
2 chief executive officer. And if you look down at the  
3 first -- page 2 of the document, there's a discussion  
4 about Mr. Holms receiving \$200,000 of company funds  
5 as a kickback payment, relating to a transaction  
6 referred to as the Duck Lake transaction.

7 And it goes on from there to identify some  
8 other alleged wrongdoing regarding Mr. Holms, upon  
9 which the board relied in terminating Mr. Holms from  
10 his position as chief executive officer. Of course,  
11 he remained on the board. And, of course, he also  
12 has a substantial interest in BRI. But that kind of  
13 lays a little bit of the groundwork of what happens  
14 after that.

15 As reflected in the affidavits that are  
16 filed by Dan Anderson and Karen Midtlyng -- those are  
17 Exhibits 1 and 2 to the briefing that was filed --  
18 you will understand that as a result of this Duck  
19 Lake transaction, there is, in fact, an FBI  
20 investigation that is pending. And that is addressed  
21 in their affidavits in a very general sense because  
22 they are, obviously, not involved directly. It is  
23 addressed at paragraph 24 of the Karen Midtlyng  
24 affidavit. And it's also addressed in the affidavit  
25 of Mr. Dan Anderson at paragraph 23.

1           And I'm not bringing this up to say that I  
2   have any information regarding the scope or the  
3   extent of the FBI investigation, but it's clearly  
4   going on, and it relates to Mr. Val Holms, and that  
5   has been relayed to the company by law enforcement  
6   officials.

7           On June 27th, Judge Patrick Flanagan, Second  
8   Judicial Court, had a hearing regarding the Eagle  
9   Private Equity transaction. And he issued an order  
10   relating to that -- well, first of all, he read his  
11   opinion from the bench and then later issued an order  
12   containing his written order. That was on July 14th,  
13   and that is Exhibit 3 to the brief in support of the  
14   preliminary injunction.

15           There are several findings in there that are  
16   extremely important and relevant to the arguments  
17   that are now being made by Mr. Doubek. And I'm not  
18   going to -- I'll slow down here if you need me to.

19           THE COURT: I'm trying to track with you  
20   here on the exhibits.

21           MR. GOE: I apologize. I tend to take off.

22           THE COURT: Okay.

23           MR. GOE: This would be Exhibit 3.

24           THE COURT: I have it now.

25           MR. GOE: It was also an order relating to a

1 denial of a preliminary injunction. In this case, it  
2 was brought by Mr. Val Holms. But two issues were  
3 really important in that hearing. One of the issues  
4 had to do with the transaction that I identified as  
5 the Eagle Private Equity transaction.

6 And the Court heard testimony. All of the  
7 parties were represented. Heard from Dan Anderson.  
8 Heard from Carl George. And what the Court  
9 specifically held was that the transaction was  
10 reasonable, appropriate, and lawful. And when you  
11 have an opportunity to review Mr. Doubek's pleadings,  
12 you are going to see argument that that's not true,  
13 that it's unlawful, et cetera.

14 The fact of the matter is this issue was, in  
15 fact, before Judge Flanagan. After two years and  
16 after he heard testimony and after he has the  
17 institutional knowledge and what he determined -- and  
18 this is on page 5, the middle paragraph there that  
19 starts off, "The Court finds the ability of the  
20 company to maintain institutional knowledge,"  
21 et cetera, and goes on to say, "This includes the  
22 bylaws of staggered terms, as well as terms of the  
23 Eagle Private Equity financing."

24 Importantly, plaintiff's counsel -- that  
25 would be counsel for Mr. Val Holms -- admitted during

1 argument that nothing BRI or its directors have done  
2 was illegal.

3 And the Court goes on to look at the Nevada  
4 business judgment rule and ultimately determines that  
5 this was an appropriate and legal transaction in the  
6 best interest of the company.

7 Here's where things get really bizarre, for  
8 lack of a better word. On July 20th, the defendants;  
9 their Washington counsel, Bil Childress; and assorted  
10 others march into the offices of BRI here in Helena,  
11 where Karen Midtlyng is the only person there at the  
12 time, and essentially says, "We're taking over. You  
13 are all fired. We're replacing the board. Everybody  
14 leave."

15 Interestingly, to give you some idea of how  
16 this event went down -- and it's reflected in the  
17 affidavits from Karen Midtlyng and Dan Anderson,  
18 which, again, are Exhibits 1 and 2 to the brief --  
19 not only did it include Mr. Allan Holms and other  
20 individuals, it included a security guard openly  
21 carrying a gun. It included several other security  
22 people. The wife of Allan Holms, I believe.  
23 Unannounced. Charging in. "You're all fired. Get  
24 out."

25 Not surprisingly, as reflected in the

1 affidavits filed by both Karen Midtlyng and Dan, they  
2 felt somewhat intimidated by these actions,  
3 especially in light of the fact that there had been  
4 no notice of proxies being issued. There had been no  
5 request to even obtain information that would allow  
6 for the presentation of a proxy.

7           It also was a little surprising that Bil  
8 Childress, who is counsel for Allan Holms in  
9 Washington, in a lawsuit against BRI, in which he's  
10 claiming 5 million dollars' worth of damages, is  
11 there and speaking with folks that he knows are  
12 clearly represented, Ms. Midtlyng and Mr. Anderson.

13           So as you also might imagine, this is  
14 somewhat an unusual situation and bizarre. And Karen  
15 calls the police. And after somewhat of a -- I don't  
16 know -- standoff, for lack of a better word, the  
17 police talk to the FBI. There was also, apparently,  
18 some discussion with the U.S. Attorney, and they are  
19 escorted out.

20           THE COURT: They?

21           MR. GOE: When I say "they," the entourage.  
22 Mr. Allan Holms and his entourage are escorted out  
23 and told to leave. That, again, is all reflected in  
24 the affidavits of Karen Midtlyng and Dan Anderson.

25           THE COURT: Okay.

1 MR. GOE: Eagle Private Equity, hearing  
2 about this, exercised its -- under its agreement with  
3 BRI. And what that results in is that they  
4 effectively have the voting shares to control the  
5 company. And I'd refer the Court to Exhibit 9, which  
6 is Carl George, from Eagle Equity, and also  
7 Exhibit 10, which is the affidavit of Dan Anderson,  
8 that relate to the Eagle Equity transaction. This is  
9 the transaction that the Nevada court has already  
10 held is legal and proper.

11 THE COURT: Where are they today?

12 MR. GOE: What's that?

13 THE COURT: Where are they today?

14 MR. GOE: They are not parties to these  
15 proceedings at this point. I mean, they haven't made  
16 an appearance.

17 THE COURT: Right.

18 MR. GOE: I know that they have -- matters  
19 have been filed with the SEC, relating to their  
20 involvement. In fact, the 8-K, relating to that, I  
21 believe, is actually an exhibit to one of John  
22 Doubek's filings in this case.

23 And what's important about that is what's  
24 included in the TRO issued by the Nevada judge, and  
25 that is the document that we were looking at earlier,

1 wherein he says that the attempt to take over is  
2 ineffectual because, even if the proxies are valid,  
3 which he doubts that they are, they still are not in  
4 control. Again, another reason why we need a  
5 preliminary injunction to stop Mr. Allan Holms and  
6 his entourage from carrying on the way that they have  
7 been carrying on.

8           Also -- and I don't think this is surprising  
9 at all -- we filed our complaint. Asked for a TRO.  
10 Judge Seeley granted that. I do have the date here  
11 in my notes, July 22nd. And on that same day the  
12 Nevada court issued its order, which is Exhibit 4 to  
13 the supplemental brief in support of the preliminary  
14 injunction that we were looking at earlier.

15           And the quote I was looking for and I had  
16 difficulty finding, (read as):

17                   The Court found that the shares  
18                   held by Eagle Private Equity are  
19                   the majority of voting shares of  
20                   all BRI stock. Consequently, the  
21                   Court also finds defendants have a  
22                   reasonable probability of success  
23                   on their argument that even if the  
24                   subject voting proxies are valid,  
25                   Eagle Private Equity holds a

1 majority of the voting shares of  
2 the company, and thus renders the  
3 subject takeover attempt  
4 ineffectual.

5 And that's on page 3 of the Exhibit 4.

6 THE COURT: But it doesn't look like  
7 Eagle Equity has been involved in any of this  
8 litigation, either here or Nevada.

9 MR. GOE: No. They were involved in Nevada  
10 too. In the earlier order that we looked at, your  
11 Honor, which is the order of -- that's Exhibit 3.  
12 Carl George testified at that hearing.

13 THE COURT: Okay.

14 MR. GOE: And the Court specifically -- and  
15 this was the order that -- the hearing was in late  
16 June. The order was a little bit later. This is the  
17 case where the Court, after hearing Mr. Anderson and  
18 Mr. George, concluded based upon plaintiff's  
19 counsel's admissions that nothing BRI or directors  
20 had done was illegal, found that the transaction was  
21 legal and appropriate and within Nevada's business  
22 judgment rule.

23 THE COURT: Okay.

24 MR. GOE: Part of this we already touched  
25 on. After the TROs were issued -- and I should -- I



1 don't want to mislead the Court. Mr. Lamb's action  
2 was actually filed prior to the TRO. It was served  
3 on Mr. Paul and Ms. Midtlyng and Mr. Anderson after  
4 the TRO. And, of course, like we talked about  
5 earlier, after the TRO, Mr. Allan Holms held himself  
6 out to be president of BRI, in direct violation of  
7 the TRO that had been filed and approved by  
8 Judge Seeley.

9 And then, of course, taking it one step  
10 further, they now file for another TRO. This time  
11 they are asking that in their individual names, and  
12 they are asking for it against various officers and  
13 retained counsel. Again, we think that's in  
14 violation of the Nevada TRO.

15 One of the things I think is important to  
16 look at is that one of the reasons we have rules  
17 regarding proxies -- or, I mean, regarding proxies,  
18 how to get a proxy, how to pursue a proxy, how to  
19 exercise a proxy, et cetera -- is to avoid situations  
20 like the one that BRI faced on the 20th, which is  
21 this armed takeover. "We're in charge now.  
22 Everybody get out." That's the type of thing that is  
23 rather unusual. And that's the reason we have rules  
24 that people have to follow, especially for a publicly  
25 traded corporation that is registered pursuant to

1 12(g) .

2           What was also just very bizarre about the  
3 whole situation was that Mr. Childress -- I alluded  
4 to this, but it probably needs a little bit of  
5 expansion. Mr. Childress, who showed up with Allan  
6 Holms at the takeover, represents Allan Holms in  
7 Washington. I mentioned that to you. In that  
8 lawsuit, which was on appeal at the time, seeking  
9 \$5 million in damages from Val Holms and, in a  
10 roundabout way, from BRI.

11           So the same guy, same attorney, who is suing  
12 Val Holms and BRI in Washington, is coming into the  
13 office saying, "We're taking over." As if to say,  
14 "I'm going to represent both the plaintiff and the  
15 defendant in the Washington litigation." And won't  
16 that be easy to settle then? The fact of the matter  
17 is the Washington court has issued its opinion.  
18 There is still a potential for a rehearing. There's  
19 also a potential for, I guess, an appeal to the  
20 Washington Supreme Court. And that litigation  
21 continues -- in that respect, it continues on at this  
22 point.

23           And what is also interesting about that  
24 litigation is that the Court rejected any and all  
25 claims made by Mr. Allan Holms in that case. Awarded

1 no damages. While he did have an attorney fee  
2 awarded earlier, that has been overturned.

3 I guess what I would like to do is file this  
4 as another exhibit. This would be Number 15, I  
5 believe. This would be that decision. And I'm not  
6 saying the Court should read it now, but it certainly  
7 would be enlightening about what is going on  
8 potentially in another jurisdiction.

9 THE COURT: So this is a decision by a  
10 Washington appellate court?

11 MR. GOE: Yes, and I think the Court can  
12 take judicial notice of it, pursuant to the rules of  
13 evidence.

14 THE COURT: Do you have any objection?

15 MR. DOUBEK: You know, it has nothing to do  
16 with the issues in this case, but that's fine.

17 THE COURT: All right. We'll take it in as  
18 Exhibit 15, then.

19

20 (Exhibit 15 was admitted into evidence.)

21

22 MR. GOE: I think it has a lot to do with  
23 this case, and the reason being is because of the  
24 way -- the takeover attempted. I alluded to that.  
25 Mr. Childress coming into Helena, Montana, claiming

1 to represent the company, and then claiming that they  
2 are the new representatives of BRI. That's in  
3 Exhibit A to the complaint, which has all of the  
4 documents that were provided to Karen Midtlyng by  
5 Allan Holms during the takeover. They retain, on  
6 behalf of BRI, the very firm that is suing BRI in  
7 Washington. And that's all done with the approval,  
8 apparently, of Allan Holms exercising his, quote,  
9 proxy.

10 So that's a clear problem and another good  
11 reason for why there needs to be a preliminary  
12 injunction issued in this case.

13 THE COURT: Just out of curiosity, has there  
14 been any appeal taken from the Nevada decisions, any  
15 of the Nevada decisions?

16 MR. GOE: No.

17 THE COURT: Okay.

18 MR. GOE: Although I should also point  
19 out -- and Mr. Paul can correct me if I'm wrong --  
20 that litigation is still ongoing.

21 MR. PAUL: Correct.

22 MR. GOE: There are some parties getting  
23 dismissed, et cetera, but it's an ongoing --

24 THE COURT: Okay.

25 MR. GOE: -- litigation.

1           One of the arguments that you will see when  
2 you have an opportunity -- let me back up. This is a  
3 publicly traded corporation. It's registered  
4 pursuant to 12(g). And, as a result, it has various  
5 obligations for reporting under the Securities  
6 Exchange Act of 1934.

7           It goes beyond conformance merely with  
8 corporate bylaws and the laws of Nevada. And with  
9 all due respect for this Court, I think it's much --  
10 well, certainly, the judge in Nevada would be much  
11 more familiar with Nevada law and Nevada corporate  
12 law in making its determinations.

13           But as to the SEC regulations, there are, in  
14 fact, various rules that have to be followed when you  
15 obtain a proxy or seek a proxy. And in our briefs,  
16 pages 8 and 10, and in the supplemental brief at  
17 pages 4 and 6, we address the many ways in which we  
18 think the proxies in this case don't meet the  
19 requirements of the SEC. And I am not going to  
20 relate -- I won't repeat all of the arguments here  
21 because you can certainly read those better than I  
22 can. But I do think it's important that I respond to  
23 a couple of things that are in the pleadings that you  
24 have from Mr. Doubek on behalf of the defendants.

25           First of all, they make what in our opinion

1 is a very almost bizarre argument that they aren't  
2 registered pursuant to Section 12(g) and that they  
3 are a voluntary reporter and not having an obligation  
4 to report. That is dead wrong.

5 And to address that issue I submitted the  
6 affidavit of Wes Paul, which explains that, in fact,  
7 they are registered. They continue to be registered.  
8 Are registered now. Have always been registered in  
9 that regard. And, as such, they have various  
10 obligations, reporting obligations, as set forth in  
11 SEC rules.

12 THE COURT: Is that in Mr. Paul's affidavit  
13 submitted today here?

14 MR. GOE: Yes.

15 THE COURT: Okay.

16 MR. GOE: And the reason it was submitted so  
17 late is, in fact, we didn't think this would be even  
18 a contested issue. But they spend a fair amount of  
19 time in their brief arguing that they aren't governed  
20 by 12(g), which is just flat wrong, and Mr. Paul  
21 explains his role and why he knows they are, in fact,  
22 registered under 12(g).

23 It also includes some attachments and some  
24 letters that have gone to the SEC that he wouldn't  
25 have any reason to do or any reason to write unless,

1 in fact, you did have those reporting requirements.

2 They make the argument that there was a  
3 withdrawal of the registration statement. But, as  
4 explained in Mr. Paul's affidavit, that does not mean  
5 there was a withdrawal of their status under  
6 Rule 12(j) -- excuse me, wrong citation -- 12(g).

7 THE COURT: It's 12(g).

8 In any event, I think Mr. Paul's affidavit  
9 fully answers any questions you are going to have  
10 about the reporting requirements of the BRI and why  
11 they are, in fact, covered pursuant to the rules and  
12 regulations of the SEC.

13 They also make an argument that, "Well, BRI  
14 became a voluntary filer based on an inability to  
15 file an 810-K. Number 1, that doesn't make you  
16 automatically a voluntary filer, and there's no  
17 authority for that.

18 But what is also important to understand,  
19 and it's reflected in the documents that the Court  
20 has, that the reason that they haven't been able to  
21 file has to do with the independent investigation  
22 that we kind of started with here because the  
23 auditors won't agree to audited financial statements  
24 until that investigation is completed.

25 And Exhibit C to the plaintiffs' point

1 brief -- and this is looking at a whole different  
2 thing now. Their point brief, Exhibit G, kind of  
3 addresses that's the issue.

4 THE COURT: Let me get caught up here.

5 MR. GOE: What's that?

6 THE COURT: Let me get caught up here.

7 MR. GOE: Okay. I apologize.

8 THE COURT: Okay. So which document am I  
9 supposed to look at?

10 MR. GOE: The one that is Exhibit G, and it  
11 is attached to their -- what's referred to as  
12 defendant's point brief in support of defendant's  
13 motion for temporary restraining order/preliminary  
14 injunction.

15 THE COURT: Okay.

16 MR. GOE: And what's interesting about that,  
17 if you go to page 3, under the "narrative," there's a  
18 discussion regarding the difficulties that Bakken has  
19 encountered in filing its 10-K and 10-Qs, due to the  
20 ongoing independent and internal investigation that  
21 was reflected in earlier filings. And one of those  
22 was one of the ones we looked at earlier, at which  
23 time Val Holms was terminated. But that  
24 investigation continues to go on, which has, in fact,  
25 made it difficult to get audited financial



1 statements. And you have to have an audited  
2 financial statement to file -- to make various  
3 filings, including your 10-K.

4 I should also point out, because they make  
5 the argument repeatedly, that, "Well, there's been no  
6 annual meeting, so we took over the company to  
7 protect the company."

8 Well, they are correct. They have not had  
9 an annual meeting for a couple of years. But the  
10 reason isn't a Nevada law. It's a reason of  
11 securities law, which is in order to have a  
12 shareholder meeting, you have to have audited  
13 financial statements, and you have to do proxy  
14 solicitations, et cetera. I don't understand all of  
15 the mechanics of it. But the fact of the matter is  
16 you can't have that annual meeting until you have  
17 your audited financial statements. And, again, the  
18 reason we don't have them has to do with Val Holms  
19 and his suspected criminal behavior and the fact that  
20 he continues not to fully cooperate in the  
21 investigation itself.

22 There's no question whatsoever here that  
23 this is a company that is required to follow the SEC  
24 rules as it is registered pursuant to 12(g). They  
25 apparently kind of recognize that, and they argue in

1 their briefing that they don't have -- they didn't  
2 really solicit proxies, and this all kind of came  
3 together somehow. And they said they provided an  
4 affidavit from Allan Holms. But solicitation is a  
5 very direct and clear definition under SEC  
6 regulations.

7 And I should point out we would like the  
8 opportunity to at least, even in a short point brief,  
9 respond to what is included in some of the materials  
10 that have been filed by Mr. Doubek. We don't think  
11 it would take more than a couple of days, but we  
12 would like that opportunity, obviously.

13 In the meantime, though, we think the TRO  
14 should stay in place and the preliminary injunction  
15 should arise -- or should be issued.

16 But, in any event, there are already  
17 specific rules regarding what solicitation is, and  
18 it's reflected in -- let me get my right rule here --  
19 it is 17 CFR 240.14a-1. Sorry.

20 THE COURT: Okay.

21 MR. GOE: What's that?

22 THE COURT: Okay.

23 MR. GOE: There are lots of rules, by the  
24 way, but it defines what solicitation is, and it  
25 includes (read as):

1           The furnishing of form of proxy or  
2           other communication to security  
3           holders under circumstances  
4           reasonably calculated to result in  
5           a procurement, withholding, or  
6           revocation of a proxy.

7           And what is very important about that here  
8           is that the proxies are all identical. They are all  
9           about the same period of time and defies common sense  
10          to say, "Oh, that was all just happenstance." And,  
11          even if it was, the rule against solicitation is  
12          still controlling because those proxies are proxies  
13          as defined under those regulations.

14          And as I have already pointed out, the  
15          proxies are in identical forms. They are signed in  
16          the same manner. They are all for a common purpose,  
17          the same purpose, to have Mr. Allan Holms take over  
18          the company.

19          They don't even pretend here that they  
20          actually did a proxy solicitation or that they  
21          complied in any way with the SEC regulation. What  
22          they are trying to do is find some out for why they  
23          didn't do it, and there isn't one there for them.

24          They also argue that, "Well, there's a rule  
25          that says, you know, you don't have to follow the

1 solicitation rules if it's only for ten people." And  
2 they cite a couple of cases. One of them has 11  
3 people; one has 12. First of all, I think those  
4 cases are somewhat an anomaly. But, more  
5 importantly, under the regulation, it is a  
6 black-and-white issue. Either you solicited ten or  
7 you didn't. Here, you solicited 23. Clearly  
8 violated that rule.

9           We also have a violation of another rule,  
10 and that is laid out somewhat in -- somewhat, but  
11 very articulately, I should say, in Mr. Paul's  
12 affidavit, and that's 13(d). There's certain things  
13 you have to do when you became a beneficial owner of  
14 various securities. And you have to file schedules  
15 with the SEC under Schedule 13(g), 13(d). And you  
16 can't take certain actions within various periods of  
17 time until you have filed those schedules.

18           And I'm looking, specifically, your Honor,  
19 at the later paragraph starting with paragraph 15.  
20 They haven't been filed in this case. They have no  
21 authority, even assuming the proxies are valid. They  
22 have no authority until they meet these threshold  
23 requirements. They should not have any ability to  
24 exercise these alleged proxies until these important  
25 requirements are met.

1 I am going to switch gears just a little bit  
2 from the proxy issue, in which I pointed out there  
3 wasn't even a pretense to meeting the requirements of  
4 the rules of the SEC, to the Eagle Equity  
5 transaction. And the reason I'm doing that is  
6 because they argue at length that that transaction  
7 violates Nevada law, violates the bylaws, et cetera,  
8 and ought to be set aside. In fact, that's even one  
9 of the things that they are requesting in their  
10 motion for a TRO.

11 But the fact of the matter is that is  
12 something that has already been carefully looked at  
13 by the Court in Nevada, and the Court specifically  
14 stated that it was reasonable, appropriate -- didn't  
15 use those exact words, but that was the meaning --  
16 but also legal. And they did that based in part on  
17 admissions made by plaintiff Val Holms, in this case  
18 the plaintiff, and by his counsel during the course  
19 of that hearing.

20 It was ordered as such in the first order  
21 that we looked at. It was again referred to in the  
22 second order, when the TRO was issued in Nevada. And  
23 triggering events have occurred. And as reflected in  
24 the affidavits of Mr. George and Mr. Anderson, they  
25 assumed the majority of the voting stock.

1           So any attempts to say that Mr. Holms --  
2 Mr. Allan Holms, through Val Holms, and through  
3 others and these proxies, et cetera, even assuming  
4 they were valid, and they are not, essentially are  
5 ineffectual. Again, another reason why we need a  
6 preliminary injunction.

7           We also believe -- and it's briefed in our  
8 brief -- that there was a violation of the leave of  
9 absence agreement, which is referred to by Mr. Val  
10 Holms, both by his actions as CEO as well as  
11 director. They argue that tendering his proxy to his  
12 stepbrother, or half brother, Allan Holms, is not a  
13 violation of that leave of absence agreement. It  
14 clearly is. As I indicated before, the investigation  
15 continues.

16           I have been going on a long time here, and I  
17 apologize for that. But what I think the Court  
18 should do and what we're requesting the Court to do  
19 is grant the preliminary injunction with the relief  
20 requested in the amended complaint.

21           And we need it in light of the Nevada TRO,  
22 which prohibits Val Holms from providing a proxy to  
23 anyone. We need it to avoid further attempts at a  
24 takeover, such as the one that occurred earlier.

25           We need it so that Karen Midtlyng and Dan

1 Anderson and other board members and Wes Paul can  
2 carry out their responsibilities of this publicly  
3 traded corporation.

4 We need it to stop attempts at freezing bank  
5 accounts when the Nevada TRO specifically says that  
6 BRI is to have access to those accounts, even though  
7 Mr. Allan Holms attempted to take them over, for lack  
8 of a better word.

9 We need the preliminary injunction to  
10 preserve the status quo, to allow the company to  
11 proceed with its business, to make sure that there  
12 are not other attempts to violate the TRO already in  
13 Nevada.

14 THE COURT: The TRO is -- the order out of  
15 Nevada at this point is just a TRO?

16 MR. GOE: It is. There is a hearing set for  
17 September 21st or third; I forget the exact date.  
18 And in that the parties have been ordered to do  
19 particular briefing. I believe that's going on  
20 currently, and there will be a hearing at that time.

21 THE COURT: Okay.

22 MR. GOE: Excuse me, just for one quick  
23 second. (Conferring.)

24 Thank you. I appreciate it.

25 THE COURT: All right. Mr. Doubek.

1           MR. DOUBEK: Your Honor, what's going on in  
2 this case is this: We have existing shareholders,  
3 and these are the shareholders other than  
4 Eagle Equity. Many of them have paid 20 cents, 25  
5 cents per share for their stock. Now we have equal  
6 equity, which has received 60 million shares for a  
7 penny per share, and we don't think that's fair. We  
8 don't think that's right. And SEC, on the sideline,  
9 it's not right according to Nevada law.

10           Now, this lawsuit, your Honor -- not the  
11 Nevada lawsuit -- this lawsuit was initiated by  
12 Bakken Resources, Inc., in this court. It was not  
13 initiated by Bakken Resources in the state of Nevada.  
14 And if you take a look at their pleadings on page 1,  
15 they explain why jurisdiction of this court, not  
16 Nevada court, is the appropriate jurisdiction. This  
17 is the court.

18           And so there's constant reference to the  
19 other TRO issued by Judge Seeley, who, frankly, never  
20 heard our position on anything. They just ran into  
21 court, got a TRO, and that was that.

22           With regard to the Nevada TRO, there were  
23 actually two TROs issued in the state of Nevada. The  
24 first one was very favorable to our position because  
25 it called into question this Eagle Equity ruse, but



1 then there was a second TRO, which was more to the  
2 liking of BRI.

3           The shareholders are taking a fleecing, per  
4 this Eagle Equity transaction. The case that  
5 resulted in the favorable-to-them TRO was a  
6 derivative action brought by some minority  
7 shareholders. And so how that all got encompassed in  
8 that is beyond me because it really wasn't, you know,  
9 the up-front issue in the case. They were brought in  
10 as third parties. Next thing you know, we have a TRO  
11 that awaits a hearing on September 21.

12           There was nothing in the Nevada TRO about  
13 Allan Holms exercising or receiving proxies. In our  
14 brief we point out why it is that the solicitation  
15 rules under the SEC don't apply to him. We also  
16 point out in our brief that while this company was  
17 initially a reporting company, it has been delisted  
18 down to the lowest level, what's called the pink  
19 sheets. And there isn't a requirement for them to  
20 file 10-Qs, 10-Ks, and the like at this point in  
21 time.

22           Furthermore, the proxy rules are different  
23 when a company is a pink sheet company, and they  
24 refer back to the state of incorporation. So you  
25 have to look at the Nevada proxy rules to determine

1 whether the proxies were properly followed or not.

2 I do want to say one thing on behalf of  
3 Mr. Carey and Mr. Lamb. They filed -- Mike Lamb was  
4 going to handle it. He's been transporting his  
5 wife's family from Arizona to Nebraska and couldn't  
6 do it, wanted out, and Allan consented to that.

7 He's never been served, by the way, with the  
8 original TRO of Nevada. He's never been served with  
9 the TRO by Judge Seeley. So I'm not sure that it  
10 does anyone any good to cast aspersions on him  
11 because he released Messrs. Lamb and Carey. That's  
12 ridiculous.

13 THE COURT: Well, let me interrupt you here,  
14 Mr. Doubek. Again, this is a little bit of a  
15 complicated factual scenario. You say the Nevada  
16 court did not deal with the proxies that Mr. Allan  
17 Holms received. But, as I read this order, this  
18 second order from the court down there, it says on  
19 page 3, (read as):

20 The Court finds the defendants have  
21 a reasonable probability of success  
22 on their arguments that the voting  
23 proxies executed by Val Holms,  
24 purporting to transfer to Allan  
25 Holms 26.2 million shares and by

1 Manuel Graiwer purporting to  
2 transfer his shares to Allan Holms  
3 are invalid, based on SEC  
4 regulations pertaining to proxy  
5 solicitations.

6 MR. DOUBEK: First of all, that judge is  
7 just flat wrong.

8 THE COURT: Okay. But that's --

9 MR. DOUBEK: Secondly, we have never  
10 received a copy of that TRO.

11 THE COURT: Okay. But that's --

12 MR. DOUBEK: That's what he said.

13 THE COURT: That's what he says. I mean,  
14 that's the ruling of the Court down there.

15 MR. DOUBEK: Right.

16 THE COURT: Then he does go on further, as  
17 Mr. Goe was talking about, that the Eagle Equity  
18 stock at this point totals 60 million. So regardless  
19 of the validity of the proxies, transferring stock to  
20 Mr. Allan Holms, Eagle Equity is in a superior  
21 position. They own the majority of the stock by  
22 virtue of their \$60 million holding.

23 And then he does in his earlier ruling say  
24 something to the effect of there was a concession  
25 that there was nothing wrong done by BRI, with regard

1 to the Eagle Equity.

2 MR. DOUBEK: Well, I don't know what  
3 concessions Val Holms made in that case. All I can  
4 say is that when Allan Holms went in and asserted the  
5 proxy rights and so forth, it was after that that the  
6 stock was issued to Eagle Equity.

7 THE COURT: Okay.

8 MR. DOUBEK: Furthermore, Nevada -- and the  
9 Articles of Incorporation, there is only 100 million  
10 shares of common stock authorized. If you add  
11 60 million and 56 million, you are over the  
12 authorized level, and that is illegal in, I think, 50  
13 states. You can't do that.

14 And there's so much about this transaction  
15 that's illegal, that's what we want to point out to  
16 your Honor, so as to stop the bleeding. Because this  
17 company, they loaned \$600,000 to a company that's got  
18 \$7 million. That doesn't make any sense to give away  
19 a majority of the stock of the company for a  
20 fractional interest in the assets of the company. It  
21 just makes no sense whatsoever. And that's why the  
22 shareholders, the existing shareholders, are quite  
23 upset.

24 Now, in this case, we know that Bakken is  
25 not in compliance with SEC reporting requirements.

1 We know that they are a delisted pink sheet company.  
2 We know that the shareholders have never received any  
3 notification of the Eagle Equity deal, except that  
4 there was an 8-K -- and 8-K reports are just event  
5 reports. That's it.

6 Shareholders have not been afforded the  
7 opportunity to vote at annual meetings. Now, we have  
8 heard about, "Well, we can't have an annual meeting  
9 because we're not in compliance with our filing  
10 requirements before the SEC." Fact of the matter is  
11 Nevada law requires an annual meeting. Fact of the  
12 matter is you can't give away controlling interest in  
13 a corporation before it's presented to the  
14 shareholders for a vote.

15 Now, their argument is, "Well, the bylaws  
16 were amended to give the board of directors the power  
17 to do what we did." Those bylaws were amended after  
18 the fact. In the original bylaws it says the board  
19 can't do that without giving the shareholders a right  
20 and a say in the matter. But what they did was they  
21 just went to the next step and said, "Well, this is  
22 what we're going to do. It's now in the amended  
23 bylaws." You can't do that.

24 Everything they have done in this case is  
25 wrong, and we want to stop the bleeding. We want to

1 stop the gravy train that Mr. Paul has going for him.  
2 We'll talk about the fees that have been paid to him  
3 over the course of the last couple of years.

4           There has been a failure. The shareholders  
5 haven't received audited returns or any returns. The  
6 affidavit says, "Well, we filed unaudited 10-Qs the  
7 last three quarters with the SEC." The shareholders  
8 have never seen any information like that. We have a  
9 pretty good idea of what money is in the bank, which  
10 makes the Eagle Equity deal even more spurious.

11           Val Holms' proxy and others', we contend,  
12 conforms to Nevada law. There's nothing in his  
13 agreement to sit out active management of the company  
14 that says, "You hereby forfeit your stock. You  
15 hereby forfeit your rights to your stock. You hereby  
16 forfeit your ability to give someone else your voting  
17 power on that stock." Now, I realize that the judge  
18 down there may have referenced that in the order, but  
19 you can't do that.

20           The Eagle Equity deal, as I say, is  
21 nonsensical. It enables the company management to  
22 keep control. The first TRO down in Nevada called a  
23 spade a spade. It said, "This is not right." And  
24 then through some machinations, we get to the next  
25 judge and the next TRO.

1           Our position is that Val Holms didn't  
2     violate any agreement that he might have entered into  
3     with -- with the company. You can have annual  
4     meetings. Nevada law requires it. There wasn't  
5     anything specifically about the proxies that were  
6     contested by the company. And, certainly, coming  
7     into the company quickly, giving them a copy of the  
8     proxies, giving them a copy of the resolutions that  
9     they are being replaced is the way to go. I mean, it  
10    stops the bleeding then and there. And there's  
11    nothing wrong with that procedure under Nevada law.

12           So we're here to stop the bleeding and  
13    return the right to run this company, ultimately, to  
14    the owners of the company, which are the  
15    shareholders, not those running the company.

16           Thank you.

17           THE COURT: All right.

18           MR. GOE: Your Honor, I don't -- it's hard  
19    to know where to begin. I heard so many  
20    misstatements that it's hard to pack them all  
21    together and present them in a cogent fashion to the  
22    Court.

23           I am going to start with the argument about  
24    the Nevada TRO, that we had a good one and now we  
25    have a bad one. Well, they did. They went and

1 handed it to a different judge in Nevada and got a  
2 TRO. And then, Judge Flanagan, who had the  
3 litigation for years, had the preliminary injunction  
4 hearing on that. And that's what you have before  
5 you.

6 And during that preliminary injunction  
7 hearing, the Eagle transaction was specifically at  
8 issue. And Judge Flanagan heard the arguments of  
9 Val Holms' attorneys. And based on Mr. Doubek's  
10 argument, I am not sure if he's actually representing  
11 Val Holms at this point. He made the argument,  
12 "Well, we've never been served with the TRO."  
13 Val Holms was there. He was part of the TRO. His  
14 attorney was there. He got served the TRO. He also  
15 was there at the earlier hearing. He was there  
16 through his counsel, who made the arguments and had  
17 ultimately conceded there was nothing illegal about  
18 the transaction.

19 And as you rightly pointed out, they already  
20 went to the -- it's also referred to in the TRO order  
21 from Judge Flanagan a little later against Mr. Holms  
22 and against Mr. Graiwer. So to say that that was  
23 just kind of a throw-away issue somewhere is  
24 nonsense. The Court's order clearly displays that --  
25 and articulates the fact that it was a central issue



1 the Court was looking at, at the time.

2 Shareholders fleecing, you know, and all of  
3 this other stuff, the fact of the matter is if you  
4 are a pink sheet company, that does not equal that  
5 you are a voluntary filer. And I think some of that  
6 is addressed in Mr. Holms' affidavit. And,  
7 certainly, additional briefing is appropriate.

8 THE COURT: In whose affidavit? Mr. Paul's  
9 affidavit?

10 MR. GOE: Mr. Paul. Who did I say?

11 THE COURT: Mr. Holms.

12 MR. GOE: I meant Mr. Paul.

13 THE COURT: What about Mr. Doubek's comment  
14 that once a company is identified as a pink sheet  
15 company their proxy rules are different, that they  
16 don't have to comply with those?

17 MR. GOE: Wrong.

18 THE COURT: That's not accurate?

19 MR. GOE: Not accurate.

20 THE COURT: Okay.

21 MR. GOE: It's a 12(g) company. It still is  
22 one. They have the same requirements.

23 THE COURT: Okay.

24 MR. GOE: There's a discussion about, "Well,  
25 this is too many shares of stock to Eagle Equity."

1 Wrong. These are preferred shares. They are allowed  
2 for under the -- it's a charter of the company.  
3 Excuse me. I was searching for the right word.

4 THE COURT: He says it's limited to 100  
5 million shares and you are over that amount at this  
6 point.

7 MR. GOE: Different types of shares.

8 THE COURT: Okay.

9 MR. GOE: Bottom line is -- and perhaps  
10 these are things that we would like to, like I said  
11 before, maybe address in a short pleading to the  
12 Court.

13 But the bottom line is that I heard so much  
14 that was just flat wrong and in kind of a passion  
15 plea that somehow everybody is being fleeced here.  
16 But what you didn't hear is any real argument against  
17 what I have already advised the Court, or at least  
18 argued to the Court, of why we need a preliminary  
19 injunction, why we don't just go into somebody's  
20 office like a cowboy with an armed guard saying, "Get  
21 out."

22 There are rules that have to be followed.  
23 There's specific solicitation rules that have to be  
24 followed. They weren't followed. They don't even  
25 pretend that they followed them. And that's why we

1 need the preliminary injunction.

2 THE COURT: All right. So you want to do  
3 some more briefing? Is that --

4 MR. GOE: Not really.

5 THE COURT: Okay.

6 MR. GOE: But I do think what I would limit  
7 it to is just basically the issues that Mr. Doubek  
8 raised in his oral argument here.

9 THE COURT: I actually have two briefs, just  
10 to make sure because of some of the filing things  
11 here. I have a point brief that you've been  
12 referring to in support of defendant's motion for  
13 temporary restraining order/preliminary injunction,  
14 filed by Mr. Doubek. And then I have a memorandum in  
15 support of defendant's motion for a temporary  
16 restraining order/preliminary injunction.

17 Do you have both of those?

18 MR. GOE: I do have both of those, yes.

19 THE COURT: Okay. I haven't seen these  
20 before. They hadn't brought it up to me. So I don't  
21 know what's in here.

22 MR. GOE: Just in a general sense of -- and  
23 Mr. Doubek can speak to it better than I can -- the  
24 point brief is primarily proxy-related issues, and  
25 the other brief is primarily related to the

1 Eagle Equity transaction.

2 THE COURT: All right.

3 MR. GOE: Fair to say?

4 MR. DOUBEK: Close enough.

5 THE COURT: Okay. So how much time do you  
6 want to do any follow-up memo?

7 MR. GOE: How about a week?

8 THE COURT: A week is fine by me.

9 Do you want to respond to him?

10 MR. DOUBEK: Sure.

11 THE COURT: Okay. A week after that?

12 MR. DOUBEK: Three days.

13 THE COURT: Three days after that? So we're  
14 looking at next Tuesday for you. We're talking  
15 calendar week, not work week.

16 MR. GOE: That will work.

17 THE COURT: And then --

18 MR. DOUBEK: He works on weekends.

19 THE COURT: I know he does. I know he does.  
20 You guys both all work too hard. Look at all of this  
21 paper.

22 And then you have till Friday, a week from  
23 Friday --

24 MR. DOUBEK: Thank you, your Honor.

25 THE COURT: -- to get your reply back in.

1 All right. I am going to leave the  
2 temporary restraining order in place until I have a  
3 chance to review some of this stuff.

4 MR. DOUBEK: Right.

5 THE COURT: Okay.

6 MR. GOE: Thank you.

7 THE COURT: I truly did not have that  
8 opportunity, particularly with regard to the new  
9 filings. So everything will stay in place until --  
10 do we want to have another hearing?

11 MR. DOUBEK: Are you putting witnesses on  
12 today?

13 MR. GOE: No.

14 MR. DOUBEK: You're not?

15 MR. GOE: No. I did it through affidavits.  
16 I requested a preliminary injunction through the  
17 affidavits that have been filed, and that's  
18 consistent with the rules.

19 THE COURT: Okay. So do you want to have  
20 another hearing?

21 MR. DOUBEK: Can I call witnesses?

22 THE COURT: You want to call witnesses  
23 today?

24 MR. DOUBEK: Sure.

25 THE COURT: All right. Well, let's come

1 back at 25 till.

2

3 (Proceedings were in recess from  
4 3:20 p.m. until 3:30 p.m.)

5

6 THE COURT: Okay. Mr. Doubek.

7 MR. DOUBEK: Mr. Allan Holms.

8 THE COURT: Come forward. Ms. Dillman will  
9 swear you in.

10

11 ALLAN HOLMS,  
12 called as a witness, having been duly sworn,  
13 testified as follows:

14

15 DIRECT EXAMINATION

16 BY MR. DOUBEK:

17 Q. There should be some water there if you need  
18 it.

19 Please state your name and professional  
20 address.

21 A. Allan Holms, 1314 South Grand Boulevard,  
22 Spokane, Washington.

23 Q. Would you briefly describe your educational  
24 background.

25 A. Well, high school in Montana; University of

1 Montana, Missoula, Montana, for several years.

2 Involved in several different businesses.

3 Q. What did you get a degree in at Missoula?

4 A. I didn't. My senior year, a bank brought a  
5 company to me to help them figure it out, and it  
6 turned out I purchased that company, and that was  
7 1964.

8 Q. Okay. And so, then, trace your work  
9 experience from that point, please.

10 A. I became the director at First Bank System,  
11 which is now the U.S. Bank. Was investments in  
12 various businesses throughout my career. I do a lot  
13 of consulting, financial consulting, currently. And  
14 I'm trying to retire.

15 Q. Well, good luck.

16 Have you in your experience in business  
17 dealt with corporations, bylaws, articles of  
18 incorporation, of the like?

19 A. Certainly. Public companies are different  
20 than private, of course, but a lot of the same rules  
21 apply, you know.

22 I remember one of the businesses that we  
23 sold in Montana that some time ago had the owners  
24 owned the company, but there were several minority  
25 shareholders. And before the company could be sold,

1 we had to get an opinion from the small shareholders,  
2 which, basically back to this case, I thought maybe  
3 we should have an opinion from our shareholders on  
4 this transaction, in fairness.

5 MR. GOE: Your Honor, I'm going to object.

6 THE WITNESS: I --

7

8 (Simultaneous speaking.)

9

10 THE COURT: Hold on just a second.

11 MR. GOE: I'll object and move to strike.

12 It was totally nonresponsive to the question that was  
13 asked.

14 THE COURT: I would tend to agree with that.  
15 Why don't you --

16 BY MR. DOUBEK:

17 Q. In the course of your work experience, then,  
18 you have had occasion to deal with smaller  
19 corporations where there was minority interests?

20 A. Yes. And I apologize for not staying on  
21 track. Yes, definitely.

22 Q. Tell us about that experience.

23 A. Well, there's --

24 MR. GOE: Your Honor, I object. What's the  
25 relevance? Is this anything that we're talking about



1 here today?

2 MR. DOUBEK: Well, he doesn't come at this  
3 case blind, experience-wise, and I just want to put  
4 that on the record, your Honor. I am not going to --

5 THE COURT: We don't want to go into it a  
6 lot.

7 MR. DOUBEK: Sure.

8 THE COURT: I am going to overrule that  
9 objection.

10 THE WITNESS: The last 20 years I have  
11 probably been -- was involved with 20 different -- 30  
12 different companies as a middle person, adviser,  
13 consultant. I don't have a current operating  
14 business, and that's really what I do for a living.

15 BY MR. DOUBEK:

16 Q. And are these businesses that are bought and  
17 sold or divided amongst shareholders?

18 A. Definitely. They were businesses that a  
19 public company would buy or a private company would  
20 buy, and I was sort of the middleman in putting this  
21 transaction together.

22 Q. What would you do in order to accommodate  
23 the interests of both sides, typically?

24 A. A lot of times I represented the seller or  
25 the buyer. Then, if they agreed, I would represent

1     them both.

2           Q.     Okay.  How is it that you became involved in  
3     the case of Bakken Resources, Inc. versus Val and you  
4     and Todd Jensen and Allen Collins?

5           A.     I came through out of frustration from my  
6     brother.  Val Holms lived with me when he was growing  
7     up, and we were rather close, and then we would not  
8     be close, and then close and not be close.  And so he  
9     reached out to me and told me that he might be in  
10    trouble.

11          Q.     And when, approximately, was that?

12          A.     Oh, in the last 30 days.

13          Q.     Okay.  And was he in need of your help?

14          A.     He asked if I could help.  He asked me  
15    specifically -- he told me the situation, told me  
16    what had happened in Reno, told me where he was at,  
17    and he asked me if I could help him.

18          Q.     Why did you agree to help him?

19          A.     Blood is thicker than water.

20          Q.     Okay.  Was he ill?

21          A.     Val has terminal cancer and probably a life  
22    span of maybe two more years.

23          Q.     All right.  Did you actually cause a lawsuit  
24    to be filed, which was that other lawsuit, 611 that I  
25    referred to, where you purported to act on behalf of

1 Bakken Resources, Inc.?

2 A. That was filed by -- we sort of put a legal  
3 team together to assist me in this, and they  
4 suggested various procedures that I should follow,  
5 and I followed them.

6 Q. Okay. And when you say, "your legal team,"  
7 who advised you as to what to do?

8 A. The -- the law firm in Spokane, which is  
9 quite large, helps me in various transactions. And  
10 they were also aware of Val's situation, and I  
11 explained it to him. And so they studied the entire  
12 transaction, went to the bylaws --

13 MR. GOE: Your Honor, I'm going to object.  
14 He cannot testify about what somebody else did. He  
15 has no personal knowledge of that, and no foundation  
16 has been laid for that. If he's waiving his  
17 attorney-client privilege completely, then we might  
18 be here for a while, perhaps.

19 MR. DOUBEK: Well, I'm trying to skip along  
20 merrily to try to get to some points, your Honor.

21 THE COURT: Okay. So he was advised by the  
22 legal team --

23 MR. DOUBEK: By counsel.

24 THE COURT: -- to do that. That's as far as  
25 he can go.

1 BY MR. DOUBEK:

2 Q. And they told you to -- did you prepare the  
3 proxy statements?

4 A. The paperwork was prepared by them.

5 Q. Did you ever solicit anybody's proxy?

6 A. Absolutely not.

7 Q. How is it that you came to receive some  
8 20-plus proxies, if that's the right number?

9 A. Let's go back to the original. Val, I told  
10 him that my counsel said that in order for me to help  
11 you, you have to get me votes or shares. So then --

12 Q. Were you a shareholder of the company at  
13 that time?

14 A. What's that?

15 Q. Were you a shareholder of the company?

16 A. Small. Very small.

17 Q. How small?

18 A. Five percent.

19 Q. And Val owned 47 percent, roughly?

20 A. 47, 48, something like that.

21 Q. All right. So you were advised that you  
22 needed to get his proxy in order to help him?

23 A. He -- yes.

24 And so I talked to him, and I said, "This is  
25 what you have to do." And I said, "The best thing

1 for you to do is go to your attorney in Missoula, sit  
2 down and explain the facts to him, and then have him  
3 recommend what you should do."

4 He did that, and the attorney --

5 MR. GOE: Objection. Lack of foundation.

6 THE COURT: Sustained.

7 BY MR. DOUBEK:

8 Q. Who is his attorney?

9 A. Milt Datsopoulos.

10 Q. And so as a result of that, you came to  
11 receive his proxy?

12 A. He e-mailed it to me.

13 Q. And how did you receive the other proxies?  
14 Did you call them up and solicit those?

15 A. No. No. I was in the court in Reno, and  
16 Manny Graiwer said, "Why don't you help me out here,  
17 Allan. I am going to Europe for a month."

18 I said, "How am I going to do that?"

19 He said, "I will just give you my proxy."

20 So he gave me his proxy, so now I have two  
21 proxies.

22 Q. And how did the rest of them come to be in  
23 your possession?

24 A. The rest of them, I'm assuming, through Val  
25 and his family. There's a lot of family members here

1 in Helena. They just kept coming. I didn't solicit  
2 them. They just kept coming.

3 Q. And when they came to you, was that before  
4 the Eagle Equity folks, or company, had received --

5 A. Yes.

6 Q. -- the 60 million shares?

7 A. Yes.

8 Q. Okay.

9 A. I guess, a day -- I mean, we do our thing  
10 one day, and the next day they released it,  
11 Eagle Equity.

12 Q. What did you do, then, with the proxies?

13 A. I gave them to the law firm.

14 Q. Okay.

15 A. And I said, "Now you have to figure out how  
16 to handle this because I want to make sure that I'm  
17 not in trouble. I don't want to be in trouble. So  
18 what do you suggest we do?"

19 Q. And what did you then do?

20 A. They developed the paperwork, showed me the  
21 paperwork, and they said, "You should find some  
22 directors." And I selected two independent CPAs and  
23 myself. And we served it on BRI here in Helena.

24 Q. All right. And you heard the rendition by  
25 Mr. Goe that there were guns blazing and so forth.

1 A. No.

2 Q. Tell us what happened.

3 A. Basically, we went in, and the attorney  
4 said, you know, "This is a new situation where you  
5 have to do this because that's what the paperwork  
6 calls for, and you have to leave."

7 I did not tell them we were taking the  
8 company over. I said, "We're changing the board and  
9 changing officers." And I told them specifically  
10 that, "Don't be looking at me for doing this. This  
11 is what the shareholders want, and they are calling  
12 me. They want to know what's happening. You can  
13 call your shareholders."

14 Q. And those proxies and the resolutions to  
15 replace the board members and the officers, some of  
16 the officers of the company, were given to the  
17 company at that time.

18 A. Yes.

19 Q. True? All right.

20 And were you escorted out of the building?

21 A. No.

22 Q. Okay.

23 A. It was mutual. Oliver Goe showed up, and he  
24 said, "Hey, we can't be doing this. We just have to  
25 get this resolved in the court."

1           And I said, "Fine."

2           Q.   All right.  And so then you filed your  
3 action through Mr. Lamb and Mr. Carey?

4           A.   Yes.

5           Q.   And did you know that you were, quote,  
6 violating, quote, any TRO when you released them from  
7 their job as attorneys for you?

8           A.   Did not know that.

9           Q.   Had you ever been served with the first TRO  
10 issued by Judge Seeley?

11          A.   No.

12          Q.   Have you ever been served with the TRO of  
13 either court down in Nevada?

14          A.   No.

15          Q.   Did you also -- or were shareholder consents  
16 also prepared and served on the company?

17          A.   Yes.

18          Q.   All right.  And did you purport to terminate  
19 the corporate secretary and the CFO president, Daniel  
20 Anderson?

21          A.   I just served them the papers.  And I said,  
22 "The papers sort of indicate that we have to have a  
23 change."

24          Q.   Okay.  Did you also provide notice to  
25 Wells Fargo that the director had been changed and



1 that corporate assets and financial accounts needed  
2 to be frozen?

3 A. I didn't, but the attorney did.

4 Q. Okay. Why was that?

5 A. He said that's standard operating procedure.

6 Q. Were you aware of the leave of absence  
7 agreement signed by your brother Val?

8 A. Studied it. Looked at it.

9 Q. Okay. To your knowledge, did he ever  
10 violate the terms of that agreement?

11 A. No.

12 Q. Are you or have you -- you are a shareholder  
13 of BRI.

14 Have there been, to your knowledge, any  
15 directors elected by the stockholders during the past  
16 two years?

17 A. I believe that Wes Paul has a couple from  
18 New York.

19 Q. But they were not elected by the  
20 shareholders --

21 A. No.

22 Q. -- to your knowledge?

23 And there hasn't been a shareholder meeting  
24 since late 2014; is that true?

25 A. The way I understand it from the team in

1     Spokane because there was no --

2                 MR. GOE: Your Honor, I'm going to object.  
3     It sounds like he's heading into perhaps a legal  
4     conclusion, but he's also testifying about what  
5     somebody else said and thought.

6     BY MR. DOUBEK:

7                 Q. Just testify as to what your understanding  
8     was.

9                 A. My understanding is that we would have a new  
10    team, new directors and a new operation.

11                Q. Have you ever received as a shareholder, or  
12    as a holder of proxies constituting that it's in your  
13    -- it's attached to the pleading, some 57 percent of  
14    the original shareholders' shares, have you ever  
15    received any notice of the arrangement between BRI  
16    and Eagle Equity?

17                A. Yes. I got it through -- excuse me -- I  
18    received a notification from the attorney in Reno.

19                Q. Okay. And who was that attorney?

20                A. That's the attorney who was representing  
21    either Val or Manny Graiwer.

22                         Could I have that file that I had right  
23    there?

24                Q. (Complying.)

25                A. I'm sorry.

1 Q. That's fine.

2 A. Would you ask the question again.

3 Q. Did you ever receive notice of the  
4 arrangement between BRI and Eagle Equity?

5 A. I did, yes. No. I looked at it, and the  
6 attorney described it to me, but didn't receive a  
7 notice, no.

8 Q. And you've never seen the actual agreement  
9 between those two parties, have you?

10 A. No.

11 Q. To your knowledge, has it ever been made  
12 public?

13 A. I believe they have filed an 8-K on that.

14 Q. Was the --

15 A. I think that's what started the whole  
16 process. They filed an 8-K.

17 Q. Okay. Was the entire agreement attached to  
18 any 8-K --

19 A. No.

20 Q. -- to your recollection?

21 A. No.

22 Q. Do you know, when you received the proxies,  
23 approximately how many shares of common stock were  
24 issued and outstanding?

25 A. 56 million.

1 Q. Okay. And you have proxies for about how  
2 much? We can added them up. Is it, roughly,  
3 53 million?

4 A. Something like that, yes.

5 Q. Okay. What's your understanding in  
6 reviewing the company's documents, as to the amount  
7 of authorized shares of common stock, that the  
8 company could actually issue?

9 A. Well, I think there's --

10 MR. GOE: Your Honor, to the extent he's  
11 asking for a legal conclusion, I am going to object  
12 to the question.

13 If he's asked to read the documents, the  
14 Court can do that just as easily.

15 THE COURT: Would you repeat the question?

16 MR. DOUBEK: I'll shorten it up.

17 THE COURT: Okay.

18 BY MR. DOUBEK:

19 Q. Is there 100,000 shares of authorized common  
20 stock according to the Articles of Incorporation?

21 A. 100 million, I think.

22 Q. 100 million?

23 A. Yes.

24 Q. All right. And there were also 10 million  
25 shares of a preferred A series stock?

1 A. That's what I understand.

2 Q. What is your understanding based upon the  
3 company's documents as to what voting rights --

4 A. There's --

5

6 (Simultaneous speaking.)

7

8 BY MR. DOUBEK:

9 Q. -- as to what voting rights attach to those  
10 two types --

11 A. From my --

12

13 (Simultaneous speaking.)

14

15 BY MR. DOUBEK:

16 Q. -- those two types of stock?

17 A. I believe one vote per share.

18 Q. All right. And that's the same preferred  
19 versus common?

20 A. Yes.

21 MR. GOE: Your Honor, I think that's  
22 directly contrary to what the documents say  
23 themselves. To the extent that he is making some  
24 type of legal argument, it's not admissible in the  
25 first place. I'd object and move to strike.

1 MR. DOUBEK: Well, your Honor, we'll take a  
2 look at those documents.

3 THE COURT: I will look at them. You're  
4 going to have a chance to cross-examine.

5 MR. GOE: Thank you.

6 BY MR. DOUBEK:

7 Q. Did you have your initial board meeting,  
8 then, pursuant to your proxies and corporate  
9 resolutions?

10 A. Yes.

11 Q. Okay. And when was that?

12 A. That was here in Helena.

13 Q. And what was the result of your efforts as  
14 it relates to your attempt to --

15 A. Well --

16

17 (Simultaneous speaking.)

18

19 BY MR. DOUBEK:

20 Q. I'll ask it again.

21 What was the result of your efforts as it  
22 relates to the directors and officers of the company  
23 at that time?

24 A. Well, I -- there was a board meeting to  
25 terminate the legal representation of Wes Paul.

1 There was a board meeting to terminate Dan Anderson  
2 and also Karen Midtlyng. There was also a board  
3 meeting to review the enormous expenses for  
4 litigation, which we didn't get that document at the  
5 time because their attorney showed up, and I wanted  
6 to cooperate with them.

7 Q. Were you able to learn anything about the  
8 company's finances at the time you went into the --

9 A. Yes.

10 Q. -- corporate office?

11 A. The company is very deep financially, very  
12 deep.

13 Q. Did the Eagle Equity deal make any sense to  
14 you?

15 A. Absolutely not.

16 Q. Did you have --

17 MR. GOE: Your Honor, I'm going to object to  
18 lack of foundation.

19 MR. DOUBEK: Well --

20 MR. GOE: You don't know anything about it  
21 other than it's an 8-K. Now he's going to tell us  
22 whether it's a good deal or bad deal?

23 MR. DOUBEK: Well let me --

24 MR. GOE: And what --

25 MR. DOUBEK: -- boil it down for you,

1 Oliver.

2 MR. GOE: And I don't think it has any  
3 relevance to the issues we're talking about.

4 MR. DOUBEK: It has every relevancy in these  
5 issues.

6 THE COURT: Okay.

7 MR. DOUBEK: I'll rephrase.

8 THE COURT: Rephrase.

9 BY MR. DOUBEK:

10 Q. Is it your understanding that they were  
11 given 60 million votes, like, common stock, in return  
12 for --

13 A. Six hundred --

14

15 (Simultaneous speaking.)

16

17 BY MR. DOUBEK:

18 Q. -- in return for \$600,000?

19 A. That 600,000 was a loan to the company.

20 Q. Did that make sense to you based upon your  
21 experience?

22 A. Well, the company is sitting with close to  
23 \$7 million in liquidity. It doesn't make sense to  
24 me.

25 Q. As a shareholder --



1           A.    Yes --

2

3                   (Simultaneous speaking.)

4

5           THE WITNESS:   I'm sorry.

6

7           THE COURT:   Here's the way this works.  Let  
8   Mr. Doubek finish his question so my court reporter  
9   can get an accurate record of what we're doing here.

9

10          THE WITNESS:   I will.  I just get it.

10

11          THE COURT:   I know.  And that's not  
12   uncommon, and it happens.  But because it's happened  
13   now several times, be sure --

13

14          THE WITNESS:   I'll be sure.

14

15          THE COURT:   -- be sure to give him a chance  
16   to finish his question fully so that she can get it  
17   down fully, and then you can give your full answer  
18   and she can get that down fully.  That's what we're  
19   shooting for here.

19

20          THE WITNESS:   All right.

20

21   BY MR. DOUBEK:

21

22          Q.    Did you do anything to review Eagle Equity  
23   and its background?

23

24          A.    Yes.

24

25          Q.    What did you do?

25

          A.    I have a report here that -- if I can

1 certainly -- if I may read it.

2 Q. Well, can you paraphrase it?

3 A. Well --

4 Q. And if Oliver wants to take a look at it --

5 A. -- it's Carl George and several judgments  
6 filed against him.

7 MR. GOE: Your Honor, I would object. This  
8 is all hearsay. It's not relevant to anything that  
9 we're talking about.

10 MR. DOUBEK: Is it --

11 MR. GOE: There's no foundation for it.

12 THE COURT: Okay. I'm going to sustain  
13 that. We seem to be wandering off a little bit from  
14 what I understand to be the issue is here.

15 BY MR. DOUBEK:

16 Q. Is it your understanding that Eagle Equity  
17 was established by Wesley Paul?

18 A. Yes.

19 Q. Did Eagle Equity come into existence in the  
20 spring of 2016, to the best of your knowledge?

21 A. Best of my knowledge, I think it's been  
22 ongoing over the years, according to this report.

23 Q. Do you know whether Wesley Paul has also  
24 acted as attorney for Val Holms, his wife Mary, and  
25 several of Val's other companies?

1 MR. GOE: Objection. Foundation.  
2 Relevance.

3 THE COURT: Can you answer that question?

4 THE WITNESS: Yes, I can. In the litigation  
5 we were involved with, Wes Paul represented Val. He  
6 represented Bakken. He represented Val's trust. He  
7 was a trustee for Val. And that's one of the reasons  
8 Val reached out to me.

9 MR. GOE: Objection. Move to strike. Lack  
10 of foundation. The last portion of his answer there.

11 THE COURT: I'm going to sustain that.  
12 Strike that part.

13 BY MR. DOUBEK:

14 Q. Do you have a recollection as to how much  
15 you paid for your stock?

16 A. I don't.

17 Q. Does the -- in your mind as a shareholder  
18 did the transfer of stock to Eagle Equity represent  
19 an immediate dilution of your stock?

20 A. Down to zero.

21 Q. Did you ever receive notice of the transfer  
22 of that stock by way of notice from the company to  
23 you as a shareholder?

24 A. No.

25 Q. Did you ever have an opportunity to vote or

1 question it at any meeting, special meeting or  
2 otherwise?

3 A. No.

4 Q. Are you aware whether the company has ever  
5 had a special meeting of the shareholders after its  
6 November 2014 meeting?

7 A. They haven't.

8 Q. Okay. Did you have an opinion, based upon  
9 what you have seen, whether the company needed the  
10 \$600,000 from Eagle Equity?

11 MR. GOE: Objection. Foundation.  
12 Relevance.

13 THE WITNESS: I would say --

14 THE COURT: Wait a second.

15 THE WITNESS: Excuse me.

16 THE COURT: Does he have any foundation for  
17 that?

18 MR. DOUBEK: Well, based upon what he saw,  
19 and that is that there was some \$7 million in the  
20 company coffers, and now the company is giving away  
21 60 percent of the company for \$600,000. I think the  
22 opinion is probably obvious, but I wanted to put it  
23 on the record.

24 THE COURT: Overruled. Go ahead.

25 THE WITNESS: Yeah, I happened to see a

1 financial statement when I was in the offices.

2 BY MR. DOUBEK:

3 Q. And what did it reveal?

4 A. They've got about \$3.8 million in an  
5 investment account. They have a million two in  
6 royalty income. They have monthly royalty income of,  
7 roughly, 130,000 a month. And they have overhead of  
8 legal expenses of about 100, and I guess the rest was  
9 for the company.

10 Q. Are you familiar with poison pills and such  
11 actions taken sometimes by companies to thwart  
12 takeovers?

13 MR. GOE: Objection. Foundation.

14 THE WITNESS: This is --

15 MR. GOE: Relevance.

16 THE COURT: Wait. Wait. Wait.

17 BY MR. DOUBEK:

18 Q. Are you familiar with that?

19 A. Yes.

20 Q. Have you seen them in the course of your  
21 work as a consultant?

22 A. Yes.

23 Q. And did this appear to you, the arrangement  
24 with Eagle Equity, to simply create a poison pill to  
25 thwart efforts by shareholders to take back their

1 company?

2 MR. GOE: Your Honor, I'm going to object to  
3 that. Foundation. It's asking for an opinion that  
4 he is not qualified to provide. Ultimately, I guess,  
5 there are some of the decisions the Court is going to  
6 have to make, but it interferes with your findings as  
7 the finder of fact.

8 THE COURT: Okay. I'll overrule that  
9 objection.

10 MR. DOUBEK: Go ahead.

11 THE WITNESS: Repeat it, would you?

12 BY MR. DOUBEK:

13 Q. Well, did it appear to you that this stock  
14 arrangement with Eagle Equity was simply to create a  
15 poison pill to thwart any effort on the part of the  
16 shareholders to take their company back?

17 A. A classic poison pill.

18 Q. Okay. Why do you think that it's  
19 appropriate for exiting shareholders, that you  
20 represent per written proxies, to a preliminary  
21 injunction or temporary restraining order?

22 A. From my opinion?

23 Q. Yes, sir.

24 A. State my opinion? As an entity expert, I  
25 would recommend that the shareholders look at the

1 real facts, look at the background of this Carl  
2 George, look at his pedigree, find out really what  
3 the true story is, and have a shareholders meeting.  
4 I don't want to run the company. I just want to be  
5 interim.

6 Q. Would that be your intent as far as  
7 management of the company during the pendency of a  
8 shareholder meeting?

9 A. That's it.

10 Q. Is it -- do you know whether BRI is a  
11 reporting company as you understand?

12 A. Well, as you and everybody's done enormous  
13 research, it's on the lowest level of a pink sheet.

14 Q. What does that mean?

15 MR. GOE: Objection.

16 THE WITNESS: It means --

17 THE COURT: Wait. Wait.

18 MR. GOE: Lack of foundation. Also asks for  
19 a legal opinion.

20 MR. DOUBEK: Well, we'll brief it, Judge.

21 THE COURT: All right.

22 MR. DOUBEK: So I'll withdraw it.

23 BY MR. DOUBEK:

24 Q. Do you believe that a shareholder meeting is  
25 required?

1           A.    I think it would be a crime if it didn't  
2   happen.

3           Q.    And by "shareholder meeting," I mean a  
4   meeting of the shareholders who have never yet been  
5   presented with the Eagle Equity arrangement or deal?

6           MR. GOE:  Objection.  Leading.

7           MR. DOUBEK:  Is that your belief?

8           THE COURT:  I'm going to sustain.  That was  
9   a pretty leading question.

10           He's answered that, though.  He believes  
11   there needs to be a shareholders meeting.

12   BY MR. DOUBEK:

13           Q.    All right.  Is it your request as proxy  
14   holder of a majority of existing shareholders stock,  
15   that the Court order the company have a shareholder  
16   meeting prior to giving away control of the company  
17   to someone who has paid a penny per share for that  
18   controlling interest?

19           A.    I hope they do.

20           MR. GOE:  Objection.  Leading.

21           THE WITNESS:  I hope they do.

22           THE COURT:  I'll overrule that.  That's  
23   already part of the record.

24           MR. DOUBEK:  Your Honor, I have no other  
25   questions.



CROSS-EXAMINATION

BY MR. GOE:

Q. There would be a real benefit to you, potentially, to run the company, personal benefit, isn't there?

A. No.

Q. Well, in your affidavit that you filed in this Court, you talk about all of this litigation that's been going on; is that right?

A. There is a lot of litigation.

Q. Yeah. And, specifically, in your affidavit you talk about BRI has almost been in continuous litigation in numerous jurisdictions. Is that part of what you believe?

A. That is the facts.

Q. And one piece of significant litigation is one that you brought; right?

A. That's correct.

Q. On behalf of a company that you have and also personally; is that right?

A. That's correct.

Q. And the defendants in that case in Washington happen to be, among others, BRI; right?

A. BRI for one. Val Holms for two.

Q. Yeah. And you were seeking 5-plus million

1 dollars from them; is that right?

2 A. That's what the expert thought I lost.

3 Q. And, in fact, you filed this lawsuit and  
4 pursued it in state court, had an attorney; right?  
5 The state court in Washington?

6 A. Yes.

7 Q. And what firm was your attorney from?

8 A. It was Geeza (phonetic) and -- Geeza Law  
9 Firm.

10 Q. And at some point Bil Childress got  
11 involved; isn't that right?

12 A. Much, much later.

13 Q. Well, not that much later because he filed  
14 briefs in the federal district -- excuse me -- state  
15 district court of appeals on your behalf; isn't that  
16 right?

17 A. Yes.

18 Q. In fact, he was your counsel while this  
19 matter was being appealed; is that right?

20 A. Correct.

21 Q. And part of what you were trying to recover  
22 from Mr. Holms, who you are now helping, and BRI is  
23 in excess of \$5 million; right?

24 A. That was what the experts claim.

25 Q. And also trying to seek recovery of

1 attorney's fees of about \$400,000; is that right?

2 A. Yes, that's what they claimed.

3 Q. Well, they didn't claim it. You are the  
4 plaintiff; right?

5 A. They -- okay. So I claimed it.

6 Q. Yeah. Your representatives are making these  
7 claims; right?

8 A. My representatives, yes.

9 Q. And they're wanting over \$5 million from  
10 Val Holms and BRI?

11 A. Yes.

12 Q. And they want \$400,000 in attorney's fees;  
13 right?

14 A. Yes.

15 Q. And on July 20th, when you came into the BRI  
16 offices, that case was still pending; right?

17 A. The case was pending, but may I explain?

18 Q. No, you don't get to right now because I'm  
19 asking the questions.

20 The case was pending; correct?

21 A. Yes.

22 Q. And it was also awaiting a decision in the  
23 appeals court; is that correct?

24 A. Yes.

25 Q. And you don't have an opinion yet in the

1 appeals court; is that right?

2 A. True.

3 Q. And I happened to pull up the brief that was  
4 filed by Mr. Childress and Mr. Dunn from Dunn, Black,  
5 and Roberts. And looking at their brief, they start  
6 off with, (read as):

7 This case is about the unabashed  
8 greed involving a brazen conspiracy  
9 of one brother against another  
10 brother.

11 You saw that; right?

12 A. I did.

13 Q. And that's something you concurred in;  
14 right?

15 A. He did, yes.

16 Q. And, in fact, you go on to talk about all of  
17 the things that Val Holms did to cheat you out of a  
18 whole bunch of things; right?

19 A. Yes.

20 Q. And that was part of your underlying claim  
21 for \$5 million; is that right?

22 A. That's what it says.

23 Q. That was a claim both against BRI and Val  
24 Holms?

25 A. Yes.

1 Q. And you recently got an opinion from the  
2 district court -- I mean, excuse me -- appellate  
3 court; right?

4 A. Yes.

5 Q. And you got zero?

6 A. That's what it says.

7 Q. Nothing; right?

8 A. That's what it says.

9 Q. But during the time that you were -- on  
10 July 20th, when you came into the BRI offices, one of  
11 the people you brought with you was Mr. Childress; is  
12 that right?

13 A. Yes.

14 Q. And he is, in fact, the attorney who filed  
15 this brief against BRI and was representing you in  
16 that ongoing litigation in Washington; right?

17 A. Yes.

18 Q. And, in fact, one of these things that you  
19 wanted to do at this board meeting that you wanted to  
20 have is have all of the lawyers fired that were  
21 representing BRI and appoint the law firm of Dunn,  
22 Black, and Roberts; is that right?

23 A. That's correct.

24 Q. The same ones that were representing you in  
25 the ongoing litigation in Washington --

1 A. That's correct.

2 Q. -- where you had this claim --

3 A. Correct.

4 Q. -- for an excess of \$5 million?

5 A. Right.

6 Q. So at that point in time and as the, quote,  
7 interim manager, you are both the plaintiff and the  
8 defendant in the lawsuit; right?

9 A. That's not the way it was going to work.

10 Q. Well, you say that's not the way it's going  
11 to work, but that's the way it could work.

12 And, in fact, you were going to be on both  
13 sides, and you were going to have the same lawyer  
14 representing BRI and also representing yourself in a  
15 case where you wanted \$5 million; right?

16 A. I think you are -- you are casting it a  
17 little different than what actually happened.

18 Q. Well, no.

19 A. BRI was going to get a new board of  
20 directors, not Allan Holms. Who's going to get a new  
21 chief? Not Allan Holms. I did this out of courtesy  
22 and love for my brother.

23 Q. Courtesy and love for your brother. The  
24 same one you described as basically co-conspirator in  
25 a brazen conspiracy against you; is that right?

1 A. That's what the lawyer came up with.

2 Q. Getting back to my question, though, in  
3 Exhibit A to the complaint, one of the things you  
4 want to do is replace Wes Paul and all of the other  
5 lawyers, all of them, involved in any type of BRI  
6 litigation with the firm of Dunn, Black, and Roberts;  
7 is that right?

8 A. Don't forget Mr. Doubek.

9 Q. It says Dunn, Black, and Roberts; right?  
10 And that was the --

11 A. True.

12 Q. -- document that you gave to Karen Midtlyng;  
13 right?

14 A. That's correct, at that time.

15 Q. Now, you made the comment that you were  
16 unaware of this TRO; right?

17 A. Well, there was so many papers going back  
18 and forth, so many TROs, I was not served with a TRO  
19 from this court.

20 Q. So when I served you with a summons that  
21 specifically says the TRO is attached, you didn't get  
22 that?

23 A. Not that I remember.

24 Q. Not that you remember. You may have. You  
25 just don't remember. Right?

1           A.    You can be a little nicer, Oliver.

2           Q.    I'm sometimes not that, especially when I  
3 think somebody --

4           A.    Do you think --

5           Q.    -- is not being totally honest.

6

7                   (Simultaneous speaking.)

8

9           THE COURT:   Okay.

10          MR. DOUBEK:   Objection to comment by  
11 counsel.   Move to strike.

12          THE COURT:   Yeah, I'm going to --

13          MR. DOUBEK:   Let's see the summons.

14          THE COURT:   Okay.   Let's get back to the  
15 process of asking the questions --

16          MR. GOE:    I apologize.

17          THE COURT:   -- and answering the questions.

18          MR. GOE:    I apologize for my rudeness.

19          THE COURT:   All right.

20 BY MR. GOE:

21          Q.    But the fact of the matter is one of the  
22 counsel that you were involved with was Mike Lamb and  
23 Jamie Carey; right?

24          A.    Yes.

25          Q.    They just didn't file that lawsuit out of



1 thin air because they felt like they needed to;  
2 right?

3 A. You'd have to talk to them.

4 Q. Well, somebody had to authorize it; correct?

5 A. I believe my law firm in Spokane authorized  
6 it.

7 Q. And, again, that would be Mr. Childress' law  
8 firm, I assume?

9 A. There's more than one lawyer in that law  
10 firm.

11 Q. Yeah, but all of that same firm, Dunn,  
12 Black, and Roberts. So Dunn, Black, and Roberts  
13 authorized it; correct?

14 A. Yes.

15 Q. And that's your attorneys as well; right?

16 A. Yes.

17 Q. And Mr. Childress never advised you of the  
18 TRO, even though I sent it to him?

19 A. He could have.

20 Q. So you may have been aware of it right when  
21 it got issued?

22 A. Not that I recall.

23 Q. What about with Mr. Lamb? Did you ever talk  
24 to Mr. Lamb or Mr. Carey at all? I sent copies of  
25 the TRO to them as well, and they were representing

1 DRI and you?

2 A. I believe they would have to go through  
3 counsel.

4 Q. So you were aware of the TRO?

5 A. I believe that he -- if Bil Childress would  
6 have been advising me, but he didn't advise me there  
7 was a TRO.

8 Q. You just kind of buried your head in the  
9 sand and didn't know anything about it?

10 MR. DOUBEK: Objection.

11 THE COURT: Yeah, why don't you rephrase  
12 that.

13 THE WITNESS: I think that --

14 MR. GOE: All right. I'll move on.

15

16 (Simultaneous speaking.)

17

18 BY MR. GOE:

19 Q. In any event, you did file a document in  
20 court where you identified yourself as the president  
21 of Bakken Resources; right?

22 A. That's what the documents say.

23 Q. I mean, you signed it; is that correct?

24 A. Well, that's what it says.

25 Q. Do you need to see it at all to make sure

1 you saw it and know what I'm talking about? I can  
2 show it to you if you need to see it?

3 A. I have already said yes.

4 Q. Okay.

5 MR. GOE: Excuse me just one minute, your  
6 Honor. I apologize.

7 BY MR. GOE:

8 Q. Have you ever filed a Rule 13 disclosure in  
9 this case?

10 A. I would have to check with counsel.

11 Q. You don't know? You can't sit here today  
12 and say that you did?

13 A. Well, I pay attorneys to do my work for me.

14 Q. Okay. So you pay your attorneys to tell you  
15 when there might be solicitation and when there might  
16 not be a solicitation of a proxy; is that right?

17 A. If I may, there was a great lot of review on  
18 the proxy issue, and it was concluded that a fourth  
19 level pink sheet company is not under the same  
20 regulations that you are trying to state.

21 Q. So I want to know. Specifically, who told  
22 you that?

23 A. I think I can give you documents.

24 Q. No. I want to know who told you that.

25 A. My attorneys.

1 Q. Okay. Would that be the same law firms that  
2 we have been talking about before?

3 A. I think we -- it's a consensus of John  
4 Doubek, as well as Spokane, as well as Reno. We all  
5 got involved.

6 Q. When did Mr. Doubek first get involved in  
7 this case?

8 MR. DOUBEK: That's a -- objection. He  
9 doesn't have to answer that.

10 THE COURT: Sustained.

11 Although, we're kind of getting close to the  
12 waiver of the attorney-client privilege.

13 MR. GOE: I think there has been a waiver of  
14 the attorney-client privilege, your Honor. He has  
15 repeatedly said, "It was my understanding based  
16 on" -- and every time he said it, he said it was  
17 based on my discussion with counsel.

18 THE COURT: So why don't you ask that  
19 question again.

20 BY MR. GOE:

21 Q. Yeah. Your comments here today that  
22 everything was done appropriately as far as the  
23 proxies, that's based on what your attorneys told  
24 you?

25 A. Yes.

1 Q. And so your testimony today was of what your  
2 attorney told you; correct?

3 A. Too. They told me, but I also looked and  
4 reviewed documents in John Doubek's office. It's  
5 pretty clear-cut.

6 Q. It's clear-cut to you?

7 A. Yes, both clear-cut to John and myself.

8 Q. And that's based upon your discussion with  
9 your counsel?

10 A. He's my counsel.

11 Q. And also your counsel in Spokane?

12 A. Yes.

13 Q. Did you ever prepare -- strike that.

14 MR. GOE: Can I have just one minute, your  
15 Honor?

16 THE COURT: You may.

17 MR. GOE: Can we take a quick break? I  
18 apologize.

19 THE COURT: Sure. How long?

20 MR. GOE: Just a couple of minutes.

21 THE COURT: I'm not going to leave, but you  
22 can go ahead.

23 MR. GOE: Okay.

24 THE COURT: Do you want people to leave the  
25 room?

1 MR. GOE: No, no. I just wanted to have a  
2 chance to talk to my clients.

3 THE COURT: Okay. You can leave, but I'm  
4 going to stay here.

5  
6 (Off the record.)

7  
8 (Mr. Goe, along with others, leaves  
9 the courtroom and subsequently  
10 returns.)

11  
12 MR. GOE: Thank you, your Honor. I do not  
13 have any further questions.

14 THE COURT: Very well.

15 MR. DOUBEK: Just one redirect.

16  
17 REDIRECT EXAMINATION

18 BY MR. DOUBEK:

19 Q. Counsel asked you about the lawsuit between  
20 you and your brother but now you are trying to help  
21 him. Can you reconcile those two?

22 A. We made peace. We made peace.

23 MR. DOUBEK: No other questions.

24 MR. GOE: I have nothing further, your  
25 Honor.

1 THE COURT: All right. You may step down.

2 MR. DOUBEK: We'd like to call our next  
3 witness, Toby Dewolf.

4 THE COURT: All right.

5

6 TOBY DEWOLF,  
7 called as a witness, having been duly sworn,  
8 testified as follows:

9

10 DIRECT EXAMINATION

11 BY MR. DOUBEK:

12 Q. We'll get you back before the dinner hour.

13 A. Thank you.

14 Q. Please state your name and address.

15 A. Toby -- my whole name? -- John Dewolf, 611  
16 Cannon, Helena, Montana. D-E-W-O-L-F.

17 Q. And you are an owner of Bert & Ernie's?

18 A. I am.

19 Q. All right. Are you a shareholder of Bakken  
20 Resource, Inc.?

21 A. I am.

22 Q. How much did you pay for your stock?

23 A. The initial investment was \$50,000.

24 Q. And do you know how many shares you received  
25 for that?

1 A. Yes. It was 200,000 shares, I believe.

2 Q. So \$0.25 per share?

3 A. That's right.

4 Q. Have you ever been told by the company that  
5 they have done a deal with an outfit called  
6 Eagle Equity?

7 A. No.

8 Q. Whereby Eagle Equity would get 60 million  
9 voting shares for 600,000, which is a penny a share?

10 A. No.

11 Q. Do you believe as a shareholder you should  
12 have been told about that deal and had a chance to  
13 have a say in the matter?

14 A. Absolutely.

15 Q. Do you believe as a shareholder the Court  
16 should halt the deal before it moves ahead and let  
17 the shareholders sort this out first?

18 A. Absolutely.

19 MR. DOUBEK: No further questions, your  
20 Honor.

21 THE COURT: Cross-examination.

22

23 CROSS-EXAMINATION

24 BY MR. GOE:

25 Q. Do you read the public filings of the



1 company?

2 A. I do. I mean, on occasion. I am not -- I'm  
3 not glued to the computer on it. But, yes, I have  
4 read some of them.

5 Q. Did you read the various public filings  
6 regarding the Eagle Equity transaction?

7 A. I did not.

8 Q. So you have never read about them.

9 So my next question was going to be, did you  
10 ever contact anybody at BRI, like Dan Anderson or  
11 Karen Midtlyng or Wes Paul or anybody else, that you  
12 have any concerns about it -- or register any  
13 concerns?

14 A. I did not.

15 MR. GOE: I don't have anything further.

16 MR. DOUBEK: No other questions. Thank you,  
17 Judge.

18 THE COURT: You may step down thank you.

19 MR. DOUBEK: Thanks, Toby.

20 Dan Anderson.

21

22 DAN ANDERSON,  
23 called as a witness, having been duly sworn,  
24 testified as follows:

25

DIRECT EXAMINATION

BY MR. DOUBEK:

Q. Can you tell me about the assets of the company at year-end 2015?

A. Yes.

Q. Tell me. What assets did it have?

A. The company has cash. It has some receivables.

Q. You heard Mr. Holms talk about 3.8 in receivables. 1.2 in -- 3.8 in cash and 1.2 in accounts -- revenue receivable?

A. That would be accurate, yes.

Q. Okay. And would that be roughly true as of the end of May 2016?

A. I -- I don't recall.

Q. You prepare monthly balance sheets? Or does the company prepare monthly balance sheets?

A. Yes.

Q. Have you looked at a monthly balance sheet in the last couple months?

A. Of course. Every day.

Q. Then, roughly, what significant changes in the company's balance sheet has there been if we take a look, for example, at the end of May 2016?

A. Well, there are a number of factors that

1     come into play that the -- there are a number of  
2     factors that come into play on a monthly basis that  
3     affect the company's cash flow, that would include  
4     the prevailing price of oil within the marketplace,  
5     the amount of production that's going on, the status  
6     of the producing wells that we have, new wells coming  
7     online, existing wells being taken off line, any  
8     number of factors that the company play on a monthly  
9     basis.

10        Q.     There was a leave of absence agreement  
11     signed by the company with Val Holms; correct?

12        A.     Yes.

13        Q.     While that was in place, did Mr. Holms ever  
14     act as CEO or director of the company?

15        A.     Not that I'm aware of.

16        Q.     Okay. As I understand it, he was terminated  
17     on March 12th, 2013, and then, effectively as a  
18     director, on 5-6-16; is that true?

19        A.     I believe so, yes.

20        Q.     What role did he play with the company in  
21     those intervening years?

22        A.     I believe he was terminated as CEO, but the  
23     leave of absence agreement still extends to his  
24     directorship.

25        Q.     Okay. Did he ever violate the terms of that

1 leave of absence agreement during that period of  
2 time?

3 A. We had cited a number of instances where he  
4 had violated his leave of absence.

5 Q. In what respects?

6 A. In many respects, in the actions that he was  
7 taking to --

8 THE REPORTER: Excuse me? Taking to what?

9 MR. DOUBEK: Adversely affect the company.

10 BY MR. DOUBEK:

11 Q. Is that your testimony?

12 A. Yes, that's correct.

13 Q. Okay.

14 THE COURT: Let me just interrupt here. You  
15 tend to talk pretty fast.

16 THE WITNESS: Oh, okay.

17 THE COURT: And I'm trying to take notes  
18 here. And my court reporter, again, her job is to  
19 get down everything you say. So just be aware that  
20 maybe --

21 THE WITNESS: Will do.

22 THE COURT: -- speak a little more slowly.

23 All right. Mr. Doubek.

24 MR. DOUBEK: You know, I'm trying to shorten  
25 it up because I didn't get a lot of time here, so let

1 me do that.

2 BY MR. DOUBEK:

3 Q. When did Eagle Equity receive or convert its  
4 stock interest to receive the 60 million voting  
5 shares?

6 A. The triggering event was on July 20th.

7 Q. Okay. So he exercised that option, let me  
8 call it. And if that's a bad word, correct me. But  
9 he exercised his option to receive the 60 million  
10 shares the day after that. True?

11 A. The triggering event was on July 20th.

12 Q. And he exercised his option, on July 21st  
13 the next day. True?

14 A. I can't attest to that. I can't attest that  
15 the triggering event was on July 20th with the armed  
16 intrusion.

17 Q. Now, when you say, "armed intrusion," did  
18 they come in with a gun in their hand, or was it  
19 holstered?

20 A. There was a sidearm holster.

21 Q. All right. So "intrusion" is how you are  
22 defining that?

23 A. For lack of a better word, yes.

24 Q. Right. And you weren't there initially, but  
25 you came to the scene shortly after being summoned;

1 right?

2 A. Correct.

3 Q. Would you flip to Exhibit Number 7. It's  
4 towards the back. There are a bunch of statutes from  
5 Nevada, and there's a copy called, "The Corporate  
6 Statutes" there.

7 MR. GOE: Exhibit 7 to what? I apologize.

8 MR. DOUBEK: It's in the packet I just gave  
9 you right there.

10 MR. GOE: Oh, I'm sorry.

11 THE COURT: I'm trying to track on you too.  
12 Where are we?

13 MR. DOUBEK: It would be nice if I gave your  
14 Honor one.

15 THE COURT: It helps every now and then.

16 BY MR. DOUBEK:

17 Q. All right. Do you have Exhibit 7?

18 A. I do.

19 Q. All right. Is that a letter from Carl  
20 George dated July 21, 2016?

21 A. That is correct.

22 Q. And is that when he triggered his --  
23 exercised his right, shall I say, to the shares?

24 A. He's notifying us that there were two  
25 triggering events which occurred on July 20th.

1           Q. All right. If the proxies were lawful on  
2 the 20th, wouldn't it be true that Allan Holms, armed  
3 with those proxies, was in a position such that he  
4 took over the company?

5           A. I can't answer that. I would have to defer  
6 to counsel on that.

7           Q. Okay. If there had been no other  
8 Eagle Equity and 60 million shares, would it be true  
9 that the proxies represented by Allan Holms  
10 constituted a majority, a clear majority, of the  
11 shareholders of BRI at that time?

12          A. Again, I would defer to counsel on that.

13          Q. Well, you knew how many shares he was  
14 purporting to represent per the proxies; true?

15          A. We were told two different figures. At  
16 first we were told, I believe, 85 percent. And then  
17 the figure was altered to, I want to say, 55 percent.

18          Q. So in either case you were aware that he had  
19 a majority of shares of common stock represented per  
20 proxies. True?

21          A. No.

22          Q. Okay. Tell me why that's not true if one of  
23 your figures was 85 percent and the other figure was  
24 roughly 55 percent?

25          A. Because when I was handed the documents, I

1 scanned through them, and I didn't see a proxy  
2 statement, which I believed was necessary for the  
3 proxies to be legitimate. And, also, I saw there was  
4 a proxy statement put forth by Val Holms and that  
5 that proxy was in violation of his leave of absence  
6 agreement. And I made it abundantly clear that we  
7 believe that the proxies on -- for those reasons the  
8 proxies were in error.

9 Q. So what in the leave of absence agreement  
10 restricted Val Holms from giving his rights to his  
11 shares to somebody else?

12 A. Well, I would -- since it's a legal  
13 agreement, I would defer to counsel on that. But the  
14 understanding we had is that very clearly that the  
15 idea was that he would do anything to interfere with  
16 the company. And so we felt, very strongly, that  
17 this was a violation of the leave of absence  
18 agreement.

19 Q. So exercising his voting rights in your mind  
20 was interference with the management of the company?

21 A. No.

22 Q. Okay. Tell me what you -- how you construed  
23 that then?

24 A. The proxy agreement gave control of the  
25 company to Allan Holms, and it created a possibility



1 where ongoing litigation would be terminated,  
2 litigation that is contrary to Allan -- or excuse  
3 me -- to Val Holms and Manny Graiwer as well.

4 But also we believe that since we were in  
5 the middle of a criminal investigation and we had key  
6 evidence, that we were in a position where that  
7 investigation would most definitely be compromised.

8 Q. Were you ever interviewed by the FBI?

9 A. Not yet.

10 Q. How long ago did you contact -- or who on  
11 behalf of BRI contacted the FBI?

12 A. We did not contact the FBI.

13 Q. Okay. So nobody on behalf of BRI, to your  
14 knowledge, ever contacted the FBI?

15 A. That is correct.

16 Q. And yet you heard Mr. Goe say that the FBI  
17 has been involved in this?

18 A. Correct.

19 Q. How do you know that?

20 A. Because the Helena Police Officers notified  
21 us that the case had been handed off on the County  
22 Attorney's recommendation to the FBI.

23 Q. And how long ago did that happen, to your  
24 knowledge?

25 A. I have no idea.

1 Q. So you don't know what's become of that?

2 A. I do not.

3 Q. Okay. Did you ever have any prior dealings  
4 with Shirley Spira before she was brought in as an  
5 investigator?

6 A. I did not.

7 Q. Do you know who brought her in as an  
8 investigator?

9 A. She was recommended. We had a number of  
10 individuals who were recommended. I had made  
11 recommendations. Karen Midtlyng had made  
12 recommendations. Wes Paul had made recommendations.  
13 And we interviewed a number of folks, and that's who  
14 we ultimately decided to deal with.

15 Q. And Wes Paul also introduced Carl George to  
16 the company; true?

17 A. Yes, he did.

18 Q. And did he form Eagle Equity, as far as you  
19 know?

20 A. I have no knowledge of that.

21 Q. Okay. What do you know about Carl George?

22 A. We've had conversations with Carl. We  
23 talked to him at great length about his knowledge of  
24 the industry, his knowledge of the Bakken, and, you  
25 know, really the value proposition that the company

1 offers and how the value proposition fits well within  
2 their expertise and their vision for the company.

3 Q. Who is "their vision"?

4 A. That would be Eagle.

5 Q. Okay. When you say "Eagle," who are you  
6 referring to specifically within Eagle?

7 A. Carl, Carl George.

8 Q. He operates out of the office of his  
9 brother, doesn't he?

10 A. I have no knowledge of that.

11 Q. Or, now, out of the office of some lady in  
12 Minnesota, do you know?

13 A. I have no knowledge of that.

14 Q. Did you ever check to see whether he had  
15 filed previous bankruptcies?

16 A. I did not.

17 Q. Did you ever check to see whether he had  
18 been successful in any ventures that he had had?

19 A. When we discussed -- when we had discussions  
20 with him, we talked about a number of things,  
21 including past successes and failures that he had.

22 Q. Did you learn of any successes that he had  
23 had?

24 A. He talked as generically as he could,  
25 without violating confidentiality.

1 Q. But he worked with public entities  
2 sometimes, didn't he?

3 A. I can't answer that.

4 Q. Did he ever tell you about lawsuits he had  
5 been involved in?

6 A. He did not.

7 Q. Did he ever tell you that he had hacked into  
8 a client's computer, put a virus in, and then offered  
9 to remove the virus for \$60,000, and that there was a  
10 restraining order placed against him?

11 MR. GOE: Objection. Assumes facts not in  
12 evidence. Lack of foundation.

13 MR. DOUBEK: I'm just asking if he's aware  
14 of it.

15 THE COURT: Overruled.

16 THE WITNESS: My knowledge of that came from  
17 Carl's direct testimony provided in Nevada.

18 BY MR. DOUBEK:

19 Q. Did he give you a copy of this -- oh, this  
20 is when he testified in Judge Flanagan's court?

21 A. Yes.

22 Q. All right. And what did he tell you about  
23 that? Or what did he tell the Court about that?

24 A. Well, I would defer to the court transcript.

25 Q. Sure.

1           Was that matter settled out of court, then?

2           A.    I'm sorry? Which matter?

3           Q.    Was the allegation against him, hacking into  
4 a computer and then extorting \$60,000, settled out of  
5 court?

6           A.    Well, he had a credible explanation for it,  
7 yes.

8           Q.    Did he pay any money? Do you know?

9           A.    I don't recall. I would, again, defer to  
10 the transcript.

11          Q.    Did you understand that a retraining order  
12 had been issued against him in that case?

13          A.    He may have mentioned that. I don't recall.  
14 Again, I would defer to the transcript.

15          Q.    What other successes did you hear him tell  
16 you, as you talked to him, prior to entering into any  
17 contract relationship with Eagle Equity?

18          A.    Well, he had talked about some successes  
19 that he had in the Bakken and in the oil and natural  
20 gas industry. It's so many months later. I do not  
21 remember exactly the specifics. But he clearly  
22 demonstrated to have ver significant knowledge of the  
23 oil/gas industry and of the Bakken, in particular.

24          Q.    Based upon what?

25          A.    Based upon the conversation that we had. He

1 had demonstrated that had a strong knowledge of the  
2 industries and also had a very strong technical skill  
3 set as well.

4 Q. I understand he talked a good talk. Did he  
5 give you the names of any references in that respect?

6 A. We did not ask.

7 Q. Was there anything else about him or his  
8 background that you looked into before you entered  
9 into the Eagle Equity arrangement?

10 A. I was more interested in his knowledge of  
11 the oil and gas industry, his knowledge of the  
12 various domestic places that are significant in the  
13 oil and gas industry, and especially interested in  
14 his vision for the company and how he could help  
15 bring critical capital to the table to move the  
16 company forward.

17 Q. Did you think that \$600,000 for 60 percent,  
18 or for a majority vote of BRI, was appropriate?

19 A. I think the bottom line is I'm excited about  
20 Eagle and what they can bring to the table. Private  
21 equity firms don't invest in companies that they  
22 think do not have strong fundamentals. Everything  
23 that a private equity firm is about is about growing  
24 the company and building tremendous value for the  
25 shareholders.

1           You're talking about bringing, initially, a  
2 million dollars to the table. And, then, following  
3 up on that, \$10 million to acquire undervalued  
4 assets.

5           Right now we're in, you know, an absolutely  
6 amazing marketplace. Even though oil and gas prices  
7 have hit pretty low levels, asset prices are also  
8 down as well. There's some good assets out there  
9 that we're doing a great deal of due diligence on.  
10 And our due diligence and the opportunities in the  
11 marketplace create long-term value for the  
12 shareholders.

13           Q. So these great opportunities exist  
14 irrespective of Carl George; right?

15           A. Yes. I believe that everybody's money is  
16 grain.

17           Q. And there would be value that you could add,  
18 as CEO of the company, irrespective of Carl George;  
19 isn't that true?

20           A. I'm the chief financial officer of the  
21 company.

22           Q. Right. How long have you been the chief  
23 financial officer of the company?

24           A. Since May of 2014.

25           Q. Prior to that, did you have any experience

1 with the Bakken or oil and gas?

2 A. I did. I was an auditor with the Montana  
3 Department of State Lands a number of years ago,  
4 auditing oil, gas, and coal companies.

5 Q. When was that?

6 A. That was in the -- that was in the late  
7 '80s.

8 Q. Okay. And then for a period of some  
9 twenty-something-five years, what did you do?

10 A. I was a senior management in a healthcare  
11 company, and then I was a consultant, a partner in a  
12 CPA firm. Left there to become, basically, a  
13 consultant for the Helena Small Business Development  
14 Center.

15 Q. So that didn't have anything to do with oil  
16 and gas royalties and the like, did it?

17 A. It did not. But it's about business  
18 fundamentals. And regardless of the industry that  
19 you are in, if you have strong fundamentals, that's  
20 what is important. And Bakken has strong  
21 fundamentals, and in the marketplace right now, that  
22 offers a great deal of enticing opportunities.

23 Q. Did you ever check with a bank to see if  
24 Bakken, BRI, would qualify for an operating line of  
25 credit or an operating loan?



1           A.    We began looking for capital in November of  
2   2014.  One of the challenges that we have is that one  
3   of the significant assets that the company has are  
4   its minerals.  But the way that the company was  
5   formed, as a reversed merger, the company was  
6   unable -- under financial accounting rules, wasn't  
7   able to book the value of those assets as an asset on  
8   its balance sheet.  So, you know, of a number of  
9   reasons, the company just isn't bankable.

10          Q.    So your answer is you never sought out  
11   financing from traditional means; true?

12          A.    That is incorrect.

13          Q.    That is incorrect?

14          A.    Yes.

15          Q.    So who did you go to for traditional  
16   financing?

17          A.    Oh, I reached out to many firms, from, you  
18   know, Goldman Sachs, Morgan Stanley, to various  
19   lenders.

20          Q.    Did you actually make proposals to these  
21   more traditional lenders?

22          A.    Sure.

23          Q.    Okay.  And you kept them in the records of  
24   the company, I presume?

25          A.    I'm sure we have record somewhere, yes.

1 Q. And then this company, Eagle Equity, that  
2 was a company formed by Mr. Paul; true?

3 A. I can't attest to that.

4 Q. Did he bring Carl George to the table?

5 A. Which table?

6 Q. Did Wesley Paul bring Carl George and his  
7 company Eagle Equity to BRI?

8 A. He made the initial introduction, correct.

9 Q. Do you know what was in the background, as  
10 between Wesley Paul and Eagle Equity, as far as  
11 history and that sort of thing?

12 A. I do not.

13 Q. Did you understand that Eagle Equity was a  
14 brand-new company in the spring of 2016?

15 A. That's not my understanding.

16 Q. What is your understanding as to when  
17 Eagle Equity was formed?

18 A. Right offhand, I don't recall exactly when I  
19 thought it was formed. But Carl, individually, had a  
20 great deal of private equity and experience. And,  
21 again, a great deal of knowledge and experience in  
22 the oil and gas industry.

23 And, again, he has a vision for the company,  
24 and a vision for the company that is, you know,  
25 closely aligned with the vision that I and Karen have

1 for the company as well. And we didn't have anybody  
2 else beating down the door.

3 Q. Why would it be in the best interest of  
4 existing shareholders to turn over a majority  
5 interest in the stock for \$600,000?

6 A. Well, I would say ask your client because  
7 they treated the triggering event that made that  
8 occur.

9 Q. Why would the company -- but the company  
10 decided to go along with Eagle Equity; right?

11 A. That is correct.

12 Q. Why did it decide to go with Eagle Equity,  
13 other than what you told me, that this guy talked a  
14 good talk?

15 A. Again, we liked the vision that he had for  
16 the company, liked the capital that he had to deploy,  
17 and there was nobody else beating down our doors, for  
18 a number of reasons. He seemed to be a very good  
19 match at exactly the right time.

20 And, you know, bottom line, our job is to  
21 grow the company and create value for the  
22 shareholders. And what he saw in Carl is a partner  
23 that will most definitely help us to do that.

24 But at the time we had, as we do now -- we  
25 have a great deal of litigation going on. We've had

1 a number of challenges to attempt to gain control of  
2 the company for various purposes.

3 And I don't blame him at all. If I was in  
4 that situation, if I was going to invest in Bakken,  
5 to the extent that investment in Bakken is investing  
6 in management and investing in the board, I would  
7 want to know who I'm investing in. I would want to  
8 know. If I'm putting up my money and my time and my  
9 reputation, I would want to know that they are going  
10 to be there at the end of the day.

11 Q. Do you understand that existing shareholders  
12 believe that their stock interest is immediately  
13 diluted when a majority of the company is given away  
14 for \$600,000?

15 A. I do not know that. I have spoken to three  
16 shareholders, and they understood the situation.

17 Q. Okay. These were not three who gave their  
18 proxy?

19 A. They were not.

20 Q. I understand that BRI is not a reporting  
21 company at the moment because it's in the pink  
22 sheets. Is that your understanding? Or is it your  
23 understanding they are still a reporting company?

24 A. We are a reporting company.

25 Q. But you are in the pink sheets; true?

1 A. True.

2 Q. Do you know whether the rules, as it relates  
3 to proxies, are any different for a company that's in  
4 the pink sheets versus one fully reporting?

5 A. We're still registered under 12G of the SEC  
6 rules, and we are required to report.

7 Q. The basis on which you contend Val Holms was  
8 not permitted to give his proxy is based upon his  
9 leave of absence agreement; true?

10 A. No.

11 Q. Okay. What is the basis then?

12 A. It would be the Nevada temporary restraining  
13 order and the leave of absence agreement.

14 Q. When was the leave of absence agreement  
15 terminated?

16 A. It was not.

17 Q. Okay. When was his position as both  
18 director and CEO terminated?

19 A. It was not.

20 Q. He's still a director of the company?

21 A. He is.

22 Q. Okay.

23 A. He's on a leave of absence.

24 Q. Okay. And when he can return to an acting  
25 director depends upon the balance of the Board or

1 Directors, I presume?

2 A. Complicated question. I would defer counsel  
3 on that.

4 Q. Just so the record is clear, it was after  
5 the existing shareholders submitted their proxies and  
6 resolutions to you that BRI and Eagle announce that  
7 Eagle was the new majority common stockholder of BRI;  
8 true?

9 A. That is not correct.

10 Q. We just took a look at the letter from Carl  
11 George. Do you want to take another look at it?

12 A. I see the letter. The proxies were not  
13 presented to me. They were presented to the  
14 corporate secretary.

15 Q. And did you ever look at them?

16 A. I did.

17 Q. So at the time they were presented to the  
18 companies, and you were there, was it sometime after  
19 that -- matter of hours, matter of a day -- that BRI  
20 and Eagle announced that Eagle was the new majority  
21 common stockholders?

22 A. The triggering event occurred on July 20th  
23 when they presented the documents, when they prepared  
24 and presented the documents.

25 Q. So is your answer "yes"? I asked you was it

1 after that. And your answer is "yes," I presume.

2 A. No. My answer is "no."

3 Q. Okay. So the triggering event happened when  
4 the proxies, et al., were given to the company;  
5 right?

6 A. When they were prepared. I would have to  
7 defer to counsel on that, as it is a legal issue.

8 Q. Oh, okay.

9 So when was it that BRI and Eagle announced  
10 that Eagle was now the majority shareholder?

11 A. I would -- right offhand, I don't recall  
12 when that 8-K filing went out. I believe it's one of  
13 the exhibits.

14 Q. Was it after the proxies were presented to  
15 the company?

16 A. The announcement?

17 Q. Yes.

18 A. Well, the announcement would have to be  
19 because the triggering event occurred when they  
20 attempted to take control of the company.

21 Q. Right. And that was my simple question all  
22 along, and I take it your answer is "yes"?

23 A. My answer is the triggering event occurred  
24 when they threatened a change of control of the  
25 company.

1 Q. And, thereafter, the company and Eagle  
2 announced that Eagle was now the majority  
3 shareholder?

4 A. Well, they can't announce it before the  
5 triggering event occurs.

6 Q. So your answer is "yes"?

7 A. No. I stated my answer.

8 Q. Is your position about this stock that there  
9 were then -- that the shares held by Eagle Equity  
10 were converted from preferred to common?

11 A. No.

12 Q. So they were always preferred, and they're  
13 still to this day preferred?

14 A. To the best of my knowledge, yes.

15 Q. And so they have voting rights of 100 for 1,  
16 but their stock is still -- I'm sorry. 10,000, I  
17 said -- 10 million shares of preferred stock; true?

18 A. I'm sorry. Can you repeat the question?

19 Q. Probably.

20 What you're telling me is that -- the  
21 preferred stock didn't magically become common stock;  
22 right?

23 A. That is correct.

24 Q. But the voting rights attached to the  
25 preferred series was 100 for 1 voting interest?



1 A. Correct.

2 Q. So if you had 10 million, it was now  
3 100 million --

4 A. Correct.

5 Q. -- of voting stock?

6 A. No, not of voting stock. Of votes.

7 Q. Of votes.

8 So if they had 100,000, and there was an  
9 authorized 100,000, and it was all issued and  
10 outstanding, there would be 200 million shares of  
11 voting, of votes?

12 A. Rephrase the questions. I'm not sure what  
13 you are talking about.

14 Q. Well, let me ask you this: Are you aware in  
15 the bylaws that there's a provision that says there  
16 is to be one vote for one share, regardless of the  
17 classifications of stock?

18 A. I am not aware of that.

19 Q. Okay. You are aware that the company  
20 changed its bylaws, amended its bylaws; correct?

21 A. Yes.

22 Q. And in the original bylaws, isn't it true  
23 that the company was not allowed to permit an  
24 acquisition of control of the company unless it was  
25 submitted to shareholder vote? The original bylaws?

1           A.    I can't attest to that.

2           Q.    Okay.  Do you have an understanding that the  
3 bylaws were amended so as to give that power to the  
4 Board of Directors as opposed to the shareholders?

5           A.    The bylaws were amended primarily to stagger  
6 board terms, which is a sound governance practice.

7           Q.    So you don't have any opinion as to whether  
8 the bylaws were ever amended so that control of the  
9 company could be given to the board as opposed to the  
10 shareholders?

11          A.    No.

12          Q.    If -- I'm going to ask you to assume that  
13 control of the company and the ability to fight a  
14 takeover of the company rested with the shareholders;  
15 that that's in the original bylaws.  Okay?  I'd ask  
16 you to assume that.  Would it be right for the board  
17 members to cancel that aspect of the bylaws and  
18 simply put in place a provision that allowed the  
19 board to have that power, or should that be a power  
20 decided by the shareholders?

21          A.    I can't answer that.  There are too many  
22 factors that are not entered into the equation that  
23 could alter my opinion one way or the other.

24          Q.    Well, assume that the original bylaws said  
25 it can't have a takeover of the company without

1 letting the shareholders vote. Simple enough?

2 A. Okay.

3 Q. Do you understand that?

4 A. Uh-huh.

5 Q. And then you have an amended bylaw that says  
6 the ability to control whether a controlling interest  
7 can be conveyed is now power held by the board  
8 members. Simple enough?

9 A. Okay.

10 Q. How do you square those two things, if you  
11 can?

12 A. Well, you are talking about a hypothetical,  
13 again.

14 Q. Sure.

15 A. Deferring to my past answer, I won't answer  
16 a hypothetical question.

17 Q. Okay. So you don't want to answer that;  
18 right?

19 A. I gave my answer.

20 Q. Okay. Is it your opinion, then, that the  
21 Eagle stock of 60 million votes for the \$600,000 is  
22 what renders Allan Holms' proxy effort a nullity?

23 A. I would defer to counsel on that.

24 Q. Well, what's your understanding? Do you  
25 have any?

1           A.    Yeah, my understanding is very simply this,  
2   that when Eagle entered in the transaction with  
3   Bakken Resources, they were investing in the board  
4   and investing in management. And they knew the  
5   various attempts that were going on to get control of  
6   the company. And they wanted to know at the end of  
7   the day that if they were going to invest in this  
8   company, if they were going to grow this company, and  
9   they were going to build tremendous value for the  
10   shareholders and themselves, they wanted to know at  
11   the end of the day who was going to be governing the  
12   company and who was going to be managing the company.

13           Q.   And it matter to you as CFO and a board  
14   member of the company as well; right?

15           A.   Absolutely. We have fiduciary  
16   responsibility to the shareholders to create value  
17   for the company, and we saw a tremendous opportunity  
18   to partner with Eagle to make that happen.

19           Q.   What does the company have to pay Eagle for  
20   any additional financing?

21           A.   There may be fees in the agreement for  
22   additional financing, which is -- which is standard.

23           Q.   How about interest rate?

24           A.   There's -- yes, there was an interest rate  
25   on the debt portion of the agreement, which has now

1     been converted to preferred.

2             Q.     So what's the interest rate on the 600,000?

3             A.     There's no interest rate on the 600,000.

4             Q.     Because they converted?

5             A.     Because they converted to a preferred.

6             Q.     Is the company able to simply call  
7     Carl George and say, "We want another million"?

8             A.     No.

9             Q.     Okay. And he's not obligated to supply  
10    another million, is he?

11            A.     No. There were -- you know, the idea was to  
12    acquire assets, and all we have on qualifying assets  
13    that meet our asset acquisition criteria that we  
14    have, then we'll take advances as are needed.

15            Q.     If he's agreeable?

16            A.     If they meet the terms of the underlying  
17    agreement and they pass internal scrutiny.

18            Q.     Right now, he and his company control BRI;  
19    true?

20            A.     They have -- through the number of voting  
21    shares that they have, yes.

22            Q.     Okay. So he could elect a new board; he  
23    could liquidate the company; he could do anything he  
24    wanted, ultimately; isn't that true?

25            A.     I would have to defer to counsel on that.

1 Q. What's your best guess, as CEO and board  
2 member and somebody who entered into the agreement  
3 with Eagle Equity? Was that a consideration?

4 A. Again, we have a number of agreements in  
5 place, and I would have to refer to the agreements.

6 Q. What other agreements do you have in place  
7 with Eagle Equity?

8 A. We have other agreements in place that --  
9 you know, agreements that define the nature of the  
10 transaction.

11 Q. Has the transaction ever been made public?

12 A. Through 8-Ks, yes.

13 Q. Well, in a very superficial way. The  
14 entirety of the agreement has never been made public  
15 to the shareholders, has it?

16 A. No, it has not.

17 MR. DOUBEK: Your Honor, in the interest of  
18 time, I will stop with my questions at this point.

19 THE COURT: Mr. Goe, you have two minutes.

20 MR. GOE: I have two minutes. Well, that's  
21 going to be quick.

22

23 CROSS-EXAMINATION

24 BY MR. GOE:

25 Q. You are the CFO of BRI?

1 A. Correct.

2 Q. And you testified in Nevada, I gather?

3 A. Correct.

4 Q. And one of the things we looked at earlier  
5 today was the order following your testimony?

6 A. Correct.

7 Q. And as part of your testimony in Nevada, did  
8 you explain the rationale for entering into the  
9 Eagle Equity transaction?

10 A. Correct.

11 Q. I think you've already done it, but I just  
12 want to make sure. In a very brief way, why was that  
13 agreement or that transaction with Eagle Equity in  
14 your opinion good for the company?

15 A. The long and the short of it is I saw an  
16 opportunity to partner with a firm that was bringing  
17 capital and expertise rolodex to the equation that  
18 would enable us to build a long-term value for  
19 shareholders.

20 Q. And one of the things that was raised  
21 earlier in this hearing is the inability to file a  
22 10-K. Do you recall some of discussions about that?

23 A. Yes, sir.

24 Q. What's the holdup?

25 A. We can't file a 10-K until we have audited

1     financials. We can't have audited financial  
2     statements until we're able to ascertain the impact  
3     of the financial statements by the ongoing criminal  
4     investigation.

5             We have been working very closely with our  
6     auditors and the Securities and Exchange Commission  
7     since the initiation of the criminal inquiry.

8             Q. How does that impact the ability -- I have  
9     two questions.

10            You mentioned that you thought that there  
11     had been a violation of the leave of absence  
12     agreement. That issue kind of got left. Was  
13     there -- were there violations of the leave of  
14     absence agreement, as you understood it, related to  
15     investigation itself?

16            A. Oh, absolutely, yes.

17            Q. Just give us a sampling of that.

18            A. Failure to cooperate. Mr. Holms indicated  
19     that his alibi for the \$200,000 kickback included  
20     some notes attesting to loans that were provided by  
21     John Reilly (phonetic). This notebook, it's called  
22     the "Mystical Theories Notebook." And we were told  
23     by his legal counsel that they were going to provide  
24     it. But then they failed to provide it, and failed  
25     to provide it since, as has Mr. Holms.



1 Q. And have we asked for it? Has BRI asked for  
2 it?

3 A. Multiple times, yes.

4 Q. One of the other things that was talked  
5 about earlier today was the failure to hold  
6 shareholder meetings. Does the ongoing investigation  
7 and failure to cooperate impact the ability to have  
8 shareholder meetings?

9 A. Oh, absolutely. In order to have an annual  
10 meeting, we have to have our filings current with the  
11 SEC, which requires audited financial statements,  
12 which, you know, again, goes back to the criminal  
13 investigation, being able to determine the impact on  
14 the financial statements from his alleged criminal  
15 activities.

16 Q. Did the Eagle transaction have any impact on  
17 stock prices for BRI?

18 A. Yes. After it was announced, the stock  
19 price doubled, more than doubled.

20 Q. Is that -- strike that.

21 I don't have any further questions. Thank  
22 you.

23 MR. DOUBEK: Just one, your Honor.

24 ///

25 ///

REDIRECT EXAMINATION

BY MR. DOUBEK:

Q. Mr. Anderson, are Nevada laws written for just public companies or private companies as well, corporations?

A. Well, I would defer to counsel on that, but I'm sure it applies to all companies, I would imagine.

Q. All right. Thank you. No further questions.

THE COURT: Anything further?

MR. GOE: No, your Honor.

MR. DOUBEK: Not at this time.

THE COURT: All right.

MR. DOUBEK: File our brief next Friday.

THE COURT: You may step down. Thank you.

All right. Well, you actually kind of did do it, within a couple of minutes there.

Okay. So we're back to our briefing schedule. The briefing schedule is still appropriate as we outlined it earlier?

MR. DOUBEK: Yes.

THE COURT: That's still going to work for both sides?

MR. GOE: Yes.

1           THE COURT: All right. We'll do that.  
2 We'll leave everything in place until we get the  
3 briefs in. If you decide we need to have a further  
4 hearing, advise the Court of that with your filings.

5           MR. GOE: Thank you.

6           MR. DOUBEK: Thank you, Judge.

7           MR. GOE: I do have one question, and I even  
8 hate to raise it at this point. The hearing we were  
9 having today is a preliminary injunction relating to  
10 BRI's request for a preliminary injunction. The  
11 filings from Mr. Doubek relate to individual  
12 defendants in this action requesting a TRO and a  
13 preliminary injunction against certain officers of  
14 BRI and outside counsel, who I do not represent. The  
15 only entity I -- the only folks I represent are BRI.

16           So when I'm filing briefs in this matter,  
17 it's not going to be on behalf of Mr. Anderson or  
18 Ms. Midtlyng or Wes Paul. It's going to be solely  
19 related to the only issue that I believe is  
20 appropriately before the Court, which is the  
21 preliminary injunction. They would have certain --

22           MR. DOUBEK: I agree.

23           MR. GOE: They would have certain rights and  
24 remedies, et cetera, aside from these particular  
25 proceedings.

1           MR. DOUBEK: I agree. Our claims against  
2 the individuals exist separately, and our intent in  
3 presenting testimony today was relative to our  
4 application -- relative to the competing applications  
5 for TROs.

6           THE COURT: Okay. Let me ask you something,  
7 though, Mr. Doubek. You have had Mr. Allan Holms  
8 with you today, but you are also representing Val  
9 Holms, Todd Jensen, and Allen Collins. Is that  
10 correct?

11           MR. DOUBEK: Yes. And that's in the  
12 pleading.

13           THE COURT: And I assumed it was, but I  
14 haven't seen it.

15           MR. DOUBEK: Yes.

16           THE COURT: All right. Good enough, then?

17           MR. GOE: Thanks, Judge.

18           MR. DOUBEK: Thanks.

19           MR. GOE: Appreciate your time.

20           THE COURT: Thank you.

21

22           The proceedings concluded at 5:04 p.m.

23

24

25

REPORTER'S CERTIFICATE

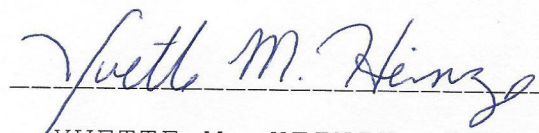
I, Yvette M. Heinze, a Registered Professional Reporter, residing in the City of Helena, State of Montana, hereby certify:

That prior to being examined, the witnesses named in the foregoing proceeding were sworn to testify to the truth, the whole truth, and nothing but the truth;

That the said proceeding, taken down by me in stenotype, was thereafter reduced to typewriting by computer-aided transcription under my direction and is a true record of the testimony given.

I further certify that I am not in any way interested in the outcome of this action and that I am not related to any of the parties thereto.

Witness my hand this 13th day of November, 2016.

  
YVETTE M. HEINZE, CSR, RPR